

Migration and the Labour Market in Asia

RECENT TRENDS AND POLICIES



OECD



THE JAPAN INSTITUTE OF LABOUR

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FOREWORD

The impact of economic growth on employment opportunities in Asian labour markets and on international migration has been the general theme of a series of workshops for policymakers and experts organised by the Japan Institute of Labour (JIL), with the co-operation of the Japanese Ministry of Health, Labour and Welfare (JMHLW), the Organisation for Economic Co-operation and Development (OECD) and the International Labour Office (ILO). The eighth workshop of this series was held on 4-5 February 2002 with the aims of examining the current situation of international migration and related policies in Asian countries, and to enhance the exchange of knowledge and information between the region's policymakers and experts.

As usual, the workshop started with its special session, focusing this year on "International Migration of the Highly Skilled". It began with the keynote speech of Prof. Yasushi Iguchi of the Kwansai Gakuin University, centered on the notions of "brain drain" and "brain exchange". Prof. Iguchi drew attention to key points to avoid the most harmful effects of this phenomenon, and presented a number of policy options to profit from the movement of the highly skilled. This keynote report stimulated active debates in the panel that followed, composed of experts from Malaysia, Thailand and Japan (Prof. Dr. Kassim Binti Azizah, Prof. Yongyuth Chalamwong and Prof. Manami Takekuma). These debates mainly focused on three points: 1) evaluation of the experiences of each country; 2) the utilisation of the highly skilled to promote economic development and avoid the risk of brain drain; and 3) the formulation of regional policies to respond to external competition to acquire highly skilled workers. The afternoon session of the special session included reports by country experts, reflecting the differing experiences of each individual country. Overall, these reports outlined the widening gap between countries. Some have already had experiences with and measures for highly skilled workers; and have had a wide use of information technologies. Other countries are just starting in these fields. There was also reporting of the one-way migration of students towards more technically advanced countries, and the phenomenon of "brain waste" happening when these trained students are unable to find jobs back home to utilise the skills they have acquired. Reports, including of experiences in Europe, showed the importance of investment in education, and the necessity to create scientific and research centres to attract and to keep skills where they are needed.

The general session, monitoring current developments in migration and migration policies, heard reports on current economic developments, the movements of foreign workers and of national workers, the situation of illegal immigration, social integration of foreign workers, data on remittances and information on employment services across borders. These reports generally discussed the slowing of economic growth in the United States, Japan and Europe, and how the economies of many countries and regions in Asia are either stagnant or decelerating. There was also discussion of how this is affecting the labour market. The issue of illegal immigration was raised, with reference also to criminal organisations, and the need for international co-operation was reaffirmed.

The second part of the general session, which took place in the next morning, heard reports on policy changes, policy-making processes and competences, and possible forms of international co-operation. Comments from the floor pointed to recent trends in policymaking towards redesigning the trainees' visa system, in order to make a more productive use of the migrant workforce, which would

also better match the workforce's needs. A consensus was present on the importance of the immigration of highly skilled workers for economic development. In this regard, the linkage between economic and immigration policies was also underlined, as well as co-operation between industry and government, and between sending and receiving countries.

In the closing session, all participating nations and territories agreed on the necessity to search for ways to take the maximum advantage from the movements of the highly skilled, for the economic and social development of the region. The necessity of a more regular and comprehensive exchange of information between nations and territories to address the specific issues raised in the special session was also emphasised. International co-operation was also outlined with regard to combating illegal immigration. This workshop provides an ideal forum to enhance the exchange of information and ideas among the participating nations and territories, and the ILO and the OECD.

This publication is intended to provide the world at large with information and data concerning migration trends and policies in Asia. It is the product of close collaboration between the JIL, the JMHLW, the ILO, the OECD Directorate for Employment, Labour and Social Affairs (DELSA) and the OECD Centre for Co-operation with Non-Members (CCNM), and is published on the responsibility of the Secretary-General of the OECD.

Prof. Dr. Tadashi Hanami
Chairman
Japan Institute of Labour

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INTRODUCTION

by

Ronald Skeldon

School of African and Asian Studies, University of Sussex

Background and major recent trends

The fragility of East and Southeast Asian economies was revealed in the aftermath of the terrorist attack on the World Trade Center in New York on September 11 2001. Just as they appeared to be recovering from the effects of the 1997 Asian financial crisis, these economies were once again thrust into an environment of declining regional and global demand. There are, of course, significant variations but most Asian economies had resumed growth by 1999 and several, including Hong Kong, Singapore, Korea and Malaysia had achieved rapid growth by 2000 (see Table 1). Then came a rapid reversal. In 2001, Singapore was in its first recession since independence; Hong Kong, too, experienced negative growth and Japan, which had never really recovered from the collapse of its bubble economy in 1989, was in full recession. Even Chinese Taipei, which had avoided the worst effects of the Asian financial crisis, appears to be entering a period of slower growth. Only Korea may be on a more sustained course to recovery.

Even during the brief recoveries in economic growth in the aftermath of the Asian financial crisis, unemployment proved persistent and rose markedly in the renewed downturn in 2001. It is now at all-time highs in the recent histories of Hong Kong, Singapore and Chinese Taipei with no suggestion of a reversal in the immediate future (see Table 2). The structural adjustments that these tiger economies and Japan are undergoing that have seen an export of labour-intensive manufacturing and an increasing reliance on high-tech industries, underlies this persistence of unemployment. While labour deficits emerge in modern sectors, labour surpluses increase in more traditional sectors.

It is against this economic background of renewed stagnation and decline and rising unemployment that the current trends in population migration in the region need to be viewed. Perhaps one of the apparent paradoxes is of the increasing international migration towards Asian economies in the face of rising domestic unemployment, a paradox that finds parallels, if for somewhat different reasons, with the contradictions between rising urban unemployment and increasing rural-to-urban migration in developing countries several decades ago (Todaro, 1969).

This introduction attempts to draw together the major trends in the international migration of labour migrants to, from and within the East and Southeast Asian region over the last few years. The basic information comes from country reports compiled by country experts and reproduced in this report. It bears reiterating that the deficiencies in the migration data and incompatibility of definition make any attempt at comparative analysis hazardous. Nevertheless, the data are sufficient to identify the major underlying trends even if the detail must await more specialized surveys and analyses.

The East and Southeast Asian economies under consideration are all characterized by movements both into and out of their respective territories. It is altogether too simple to conceptualize

economies into sending and receiving areas. All have inflows as well as outflows, although the composition and relative volume of the flows vary. For example, the Philippines can be considered as a country of emigration par excellence with over 7 million of its citizens living or working overseas, but that country, too, also imports highly skilled migrants to assist in certain key sectors of the economy. In 1999, there were almost six thousand foreign workers in the Philippines, the majority of whom were Japanese executives, a tiny number compared with the number of emigrants but nevertheless significant for the local economy (Go, 2002). Indonesia also follows this general pattern, while Thailand and Malaysia both import and export large numbers of workers and Japan, Korea, Chinese Taipei, Singapore and Hong Kong are all economies of net immigration.

Any population movement in Asia has to be placed in its demographic context of declining fertility in the region. Fertility levels have fallen precipitously in Japan and most of the Chinese culture areas (see Table 3). With the exception of China itself, these areas tend to be the destinations for migration as economies come to terms with very slow growth in their labour forces. Conversely, those countries with higher fertility tend to be areas of origin of migration. This statement should not be interpreted to mean that demography dictates the patterns of migration, as fertility itself is a function of differential economic development in the region. Nevertheless, different levels of fertility profoundly influence the supply of that key factor of production, labour.

The stock of foreign workers has increased steadily throughout the 1990s in Japan, Hong Kong, Singapore, Chinese Taipei and Korea (see Table 4). Among these countries, only in Korea can an "Asian financial crisis" effect be seen, with a sharp reduction in the number of foreign workers during 1998. The situation among those economies lower down the development hierarchy is different. There, the crisis effect was more marked in population migration with the numbers of foreign workers declining in Malaysia and Thailand as well as in Indonesia. Here, however, considerable caution needs to be used in the interpretation of the available figures. In contrast to Japan and the tiger economies, data-gathering systems are not as well developed in those Southeast Asian nations. More important, is the fact that the long land and sea borders, so common in that part of the region, are difficult to control adequately and it is easy for people to cross from one country to another without detection. Undocumented movements account for a very significant proportion of total international migration among the large countries of Southeast Asia and it is difficult to know to what extent the figures provided represent the real situation. These will be discussed in more detail below.

The summary figures on foreign workers in Asian countries have been subdivided as far as possible to indicate three sub-classes: the legal and highly skilled; the legal unskilled; and the undocumented unskilled. These data are not available for all countries and again it must be emphasized that differences in definition and coverage make ready comparison deceptive. Nevertheless, general trends can be identified with respect to the various categories. It should be pointed out that for Hong Kong there is a class of immigrant that is virtually unique among the countries under consideration. This covers one-way permit holders from China who are granted residence rights in the Special Administrative Region (SAR). Essentially, this category refers to a family reunification or settlement programme with the majority entering the city under this category as either minor children or spouses of Hong Kong men. Their number is currently set at 150 a day. As these migrants are not directly entering the labour force in large numbers, no further reference will be made to them in this chapter. Particular attention will be directed towards the highly skilled, unskilled and undocumented workers.

It is worth reiterating that many of those who leave Asian economies as immigrants or as more or less permanent settlers are highly skilled. The points criteria of Australian and Canadian immigration policy and the increased emphasis on independent rather than family migrants in all the immigration programmes in North American and Australasian countries emphasizes the increasing

competition for brains in the global economy. For example, although the proportion of emigrants from the Philippines who fell into the professional and executive classes fell from 1975 to 1995 from 30.2 to 10.6% of all emigrants from the Philippines, the absolute number increased from 4 369 to 5 955 (Go, this volume), reflecting a common pattern of an increasing proportion of lower skilled migrants as the migration evolves over time. Policies in destination countries seek to counteract this trend.

Almost one third of the emigrants from Hong Kong to Australia and one seventh of immigrants arriving in Canada in the early 1990s were holders of a university degree. The fact that many choose not to become permanent immigrants but become either return migrants, migrants to third country destinations or transnational circulators after obtaining a new citizenship does not invalidate the essentially longer-term intent of this migration flow. While these groups will not be entirely ignored in the following discussion, the focus will be more on highly skilled worker and student flows. The settler flows have been considered in more detail in earlier reports in this series (for example, OECD, 2002; Hugo, 2002) and will only be incorporated when relevant in the following paragraphs.

Highly skilled workers

One of the principal difficulties is to decide just who is a “highly skilled” worker. Three dimensions are considered essential: educational background; professional qualifications; and work experience. However, agreement on definitions that are both flexible and comparable has proved elusive even in developed areas where the exchange of highly skilled migrants is common, such as within the European Union, let alone in Asia where the process is more recently developed (Iguchi, this volume). OECD itself has attempted to systematize categories in “human resources in science and technology” (Auriol and Sexton, 2002) but much more work will be required on data from Asian countries before these can be incorporated into a comparative system.

Students attending tertiary institutions, despite their lack of work experience and apparent skills, now tend to be included as a significant category of the highly skilled. Professionals, executives, and all types of company transferees, are all clearly seen as among the highly skilled. Nurses, however, despite the specialized nature of their training, may not be considered within the prescribed category. The movement of investors or entrepreneurs is more ambiguous, with these migrants often not possessing any easily recognizable skill except an ability to generate capital. The situation becomes yet more complex when professionals may not be able to practice their profession in destination areas owing to a lack of accreditation by local bodies, whether medical, legal or engineering, for example. Thus, the migration of some of the highly skilled may not be part of a highly skilled migration system at all, with the “deskilling” of the skilled as they are thrust into more lowly occupational categories in destinations. This situation can apply more to migrants from Asian economies who move to North American, Australasian or European destinations, although the increasing numbers of professionals moving is stimulating greater efforts towards the fast-track recognition of skills and the development of truly global skill markets (see Iredale, 2001). The deskilling can operate at more lowly levels such as in cases where women with tertiary-level qualifications choose to enter into domestic service as in the case of Filipinas moving to Hong Kong or Singapore. Almost 30% of domestic workers surveyed in Hong Kong from the Philippines were degree holders, for example, with a further 32% having attended some form of tertiary education (AMWC, 1991).

The above issues have become a more pressing policy concern with the transformation of the global migration system away from Europe as a region of origin of migrants to North America and Australasia towards much greater participation of Asians (as well as Latin Americans and others from

the so-called “developing world”). During the second half of the 1990s, Asians made up between one third to two fifths of settler arrivals to Australia and a significant trend has been the substantial shift towards skills and business migration and away from family-based criteria (Hugo, this volume). Canada was the pioneer of managing its migration through a points-based system of selection and now takes over a quarter of its total intake from just two countries, China and India. The United States, while still maintaining its emphasis in its immigration on family reunification, has adjusted its intake to increase the proportion of independent, qualified and business immigrants.

Quite apart from these trends in long-term immigration policy an equally significant shift has been towards admitting increasing numbers of workers to North American countries and Australia under some form of temporary admission programme. In the United States, the numbers admitted under the H-1B programme, introduced in 1992 with an annual ceiling of 65 000. The ceiling was increased to 115 000 in 1999 and then again to 195 000 between 2001 and 2003 showing the marked growth in importance of this channel (Martin, this volume). China, India, Japan and the Philippines accounted for almost two thirds of the 65 000 intake in 1999, with India accounting for the vast majority. Migrants who enter with a H-1B visa are entitled to remain in the United States for up to six years. Australia, too, appears to have shifted towards a greater reliance on temporary entrants who may, in the late 1990s, have reached over 400 000, or 2-3% of the resident population (Hugo, this volume).

A brain drain?

While destination countries have increased their intake of the highly skilled through shifts in settler intake and by developing shorter-term entry programmes, the countries of origin can consider the loss of personnel not to be in their best interests. The so-called “brain drain” has tended to be seen as negative for countries of origin. Evidence presented in this volume, however, as well as elsewhere, suggests that the outcomes can be variable in Asia, at least, and that the “brain drain” has to be considered in the context of “brain gain” and “brain exchange”. It is important to bear in mind that the total number of highly skilled who are moving in, among and from Asian countries is quite small relative to the total populations of the economies concerned and even relative to the available pool of skilled labour itself.

Nevertheless, the movement of small numbers of highly qualified people can have a significant impact on particular sectors of the labour market and on social and economic development, particularly in the context of an increasing competition for skills in the globalised economy. The debate can perhaps be best illustrated by examining the movement of students from Asian economies to tertiary institutions overseas. The United States has for long been the principal destination with 30% of the 34 232 foreign students in 1954/55 coming from Asian countries. By 2000/01, there were 547,867 foreign students registered in degree-granting institutions in the United States, with seven of the leading eight sources of the students being Asian countries (see Table 5). Nearly 21% came from China and India alone (IIE, 2001).

Taking the example of Chinese Taipei (Lee, this volume), it can be seen that relatively few students returned during the early period of student migration overseas in the 1960s and 1970s. The numbers of those returning accelerated throughout the 1980s until the mid-1990s when government subsidies for return were removed and many returnees, coming back on their own account, may not have registered. Thus, the more recent data are not strictly comparable. Nevertheless, it seems clear that, by the 1990s, development in Chinese Taipei had reached the level where significant numbers of students returned and fewer chose to leave in the first place, being able to receive a quality education at home. Only 937 students returned to Chinese Taipei in 1980 compared with some 6 510 in 1994

(Lee, this volume) and the return rate in 1988 was estimated at around 32%, three times the return rate in 1980 (Luo and Wang, 2002).

While many highly skilled migrants may have returned to Chinese Taipei, or to Korea, return rates for countries at lower levels of development such as Malaysia and China appear to be much lower. Perhaps about 14% of Chinese students to the United States returned during the period 1978-1999 (Zhang and Li, 2002). Whether these countries will follow a similar path to the tiger economies and see greater numbers of returnees over time remains to be seen. The Asian financial crisis did affect the numbers of students going overseas, however, with reduced government grants and personal finances among the middle classes bringing about either a reduction or very slow growth in the number of students from Malaysia, Thailand and Indonesia.

The loss of students from the East Asian economies from the 1960s coincided with the entry of these economies into a period of very rapid and sustained economic growth that saw Chinese Taipei, Korea, Hong Kong and Singapore emerge as developed economies by the twenty-first century. It is difficult to imagine these economies growing even faster if the students had stayed at home, undermining any easy conclusion that the brain drain had a negative impact on their development. Returning students contributed positively to both economic and political developments in these economies, supporting the idea of a brain gain.

What does appear clear is that the situation with the movement of the educated and highly skilled is that the situation is highly heterogeneous (Iguchi, this volume). Key issues include the following:

- Whether the students are funded by state or private funds before leaving for continuing education overseas. Many of those in India, for example, appear to have been educated using private funds, hence reducing the cost to the donor country. It is difficult to oblige people to return to pay back the costs of their education. Some countries impose bonds on students who go overseas for further education that involve substantial financial penalties if they do not return for at least a set number of years. Information on the number of students who are bonded and go overseas would be useful for policy makers.
- Whether the educated are gainfully employed in their countries of origin. An oversupply of educated youth can lead to the problem of the educated unemployed, which seems to have been a characteristic of India at times in its recent past and Thailand today (Chalamwong, this volume). An aggravating factor for those in Thailand, for example, is that even the educated lack the linguistic skills to make them readily marketable in the global economy where English is the unquestioned *lingua franca*.
- Whether those leaving are replaced by educated and skilled migrants coming in to fill key positions in the economy, that is, there is a brain exchange rather than a brain drain. The stock of highly skilled has been increasing steadily in most of the economies under consideration. The recession in Japan and other economies that provide so much of the foreign direct investment (FDI) can, however, directly affect the numbers of these migrants. For example, the reduction in FDI in Indonesia (by 50% between 2000 and 2001 alone) and the decline in the number of resident expatriates is hardly coincidental. Japan and Singapore account for around two thirds of FDI in the region.
- Whether highly skilled workers are leaving permanently or only temporarily. Countries in the region welcome skilled migrants as residents as the vast majority will go home, or move on, after completing their contracts. This pattern applies equally to the highly

skilled from regional economies or from developed core western countries. Current policy in the major settler countries of Australia, Canada and the United States is not just to increase temporary immigration programmes, as seen above, but also to facilitate the change of status of those who have entered temporarily to more permanent settler or immigrant status. However, even those highly educated and highly skilled who entered as permanent immigrants from Asian economies to the major settler countries appear to have a high propensity to return (Kee and Skeldon, 1994). Partial return is also an integral part of the strategy whereby family members are left in Australia, Canada or the United States and the principal breadwinner returns to Hong Kong or Chinese Taipei, for example in a transnational system of circulation (Skeldon, 1994).

- Whether the loss of the highly skilled is compensated to some extent by a flow of remittances from the migrants back to their home economy. In terms of value, flows of remittances have become one of the principal items of international trade exceeding over US\$ 70 billion a year (Russell, 1992). It is notoriously difficult to estimate the sums involved because so much is transferred through informal channels, and it is even more difficult to separate flows from the highly skilled and those from unskilled migrants. A further complicating factor is that much FDI may originate among the professionals and businessmen in overseas communities as, for example, among the non-resident Indians and the Chinese overseas.

Paradoxically, the rate of creation of domestic talent, or the increase in the proportion of the highly educated so necessary for development, may be related to the possibilities for emigration that exist from an economy (ILO, this volume). People deliberately choose to pursue education specifically because it will give them a greater chance of emigrating. Thus, some loss of skilled personnel may be in the best interests of an economy as it is a factor in the generation of overall human capital. Where the loss, however, is greater than either the supply or the net exchange, then negative consequences may be more apparent, giving rise to the interesting idea that there may be an “optimal level of emigration”. Be that as it may, ILO studies suggest that two-way skill mobility, that is, the exchange of brains, make an economy more attractive for foreign investment than in cases where there is no emigration of the educated at all.

The loss of skilled personnel cannot be seen, however, simply in economic terms; there are significant social impacts. For example, the loss of large numbers of nurses from the Philippines has almost certainly led to a deterioration in health services in that country. Over 70% of the annual number of 7 000 nurses who graduate each year leave the Philippines and there are an estimated 30 000 unfilled positions in government and private sectors, particularly in rural areas (Yukawa, 1996).

Other important considerations revolve around policies that affect citizenship. For example, the granting of citizenship by a destination country may deprive a migrant of certain rights in his or her home country such as the right to own land. The recognition of dual citizenship may therefore be in the interests of both origin and destination as it is then more likely that an immigrant will take up the possibilities for fuller participation in the host nation while not losing rights in an area to which he or she may wish to retire later in life. Policies that will encourage the circulation of talent need to be investigated closely for potential benefits to both areas of origin and areas of destination.

Additional social issues revolve around the position of highly skilled migrants in host societies. Most remain unassimilated and have no intention of assimilating as the migrants see themselves as but temporary residents. Whether this pattern is distinct from that of less skilled migrants remains largely unknown, as does any intermarriage with the local populations and a trend

towards the establishment of more permanent foreign or mixed communities. Clearly, in the long term, any such trend would have implications for citizenship and social and race relationships with local populations.

Finally, centres for the training of brains are evolving within the Asian region itself. Japan traditionally has been a magnet for students from other Asian countries, particularly China in the early years of the last century, and universities in Hong Kong and Singapore have emerged as centres of excellence in their respective regions. Satellite campuses of core western universities are proliferating throughout the region and a series of centres in China are emerging as significant destinations for students. For example, there were 78 812 foreign students in Japan in 2001, up from 51 047 in 1997, some 44 711 in China in 1999, 23 000 in Malaysia in 2000 and 7 300 in Chinese Taipei in 2000 (Takekuma, this volume). The majority of these students come from other Asian countries. Thus, the creation of brains is increasingly occurring within the region. A key policy issue will be how to retain this talent within the region.

Unskilled workers

In terms of numbers, unskilled workers make up the largest number of migrant workers in the Asian region. There are two principal components; documented workers, or those moving through formal legal channels to fill specific jobs under contract, and undocumented workers. It should be emphasized, however, that in both of these streams, the documented and the undocumented, educated, even skilled people may be moving to undertake unskilled jobs as in the case of domestic workers to Hong Kong mentioned above.

Asian economies have emerged as labour-deficit areas over the last 10-15 years and several have seen a transition from areas of net-emigration to areas of net-immigration (Abella, 1994). The pattern of the legal importation of workers over the second half of the 1990s has been one of sustained growth in Chinese Taipei, Hong Kong and Japan and of growth punctuated by the Asian financial crisis in Korea, Malaysia and Thailand. In the latter cases, the stock of legal workers declined somewhat from 1997-1998 but resumed an upward course quite quickly in Korea and Malaysia. The official data suggest that the number of legal migrants stabilized in Thailand, but at a considerably lower level than before the crisis. The onset of the recession in 2001 has seen lower numbers of unskilled workers in Chinese Taipei but not in Hong Kong. In early 2002, there are reports of large numbers of Indonesians being expelled from Malaysia, either those who are found to be illegally in the country or those whose contracts have expired. Malaysia would like to reduce its dependence on workers from Indonesia who can easily “disappear” into the local population and increase recruitment of workers from a greater diversity of sources. Given Malaysia’s geography, and the demography of neighboring countries, any such policy would not appear to have a high probability of success.

Thus, from the official figures, there would indeed appear to be some kind of direct relationship between the number of workers in an economy and levels of economic activity. However, any such simple conclusion would have to be taken with a great degree of caution. First, as discussed below, there may be a shift from documented to undocumented workers in some economies that obscures any real trend in the total number of foreign workers. Secondly, as mentioned earlier in this discussion, the structural shift in East Asian economies towards service and high-tech industries has generated a changing demand for labour towards higher skill levels. However, such a shift does not necessarily imply that the demand for lower skill workers will disappear, but simply that the nature of the employment changes. Many of the high-tech industries that East Asian economies are promoting, for example, also require substantial numbers of unskilled workers who are involved with packaging and dispatch of high-tech products. These activities are low-paid, involve long hours are boring and

involve hard work that an increasingly highly educated local labour force is unwilling to undertake (Lee, this volume).

The third reason that caution needs to be used in drawing any simple positive relationship between economic activity and the number of foreign workers is that the trend is not observed in all economies. In Hong Kong, for example, the numbers of foreign workers increased markedly between 1999 and 2001 in the face of rapidly rising unemployment. Curiously, this increase is accounted for primarily in the rise in the number of domestic workers rather than workers in other sectors whose number indeed declined. The increase in the number of foreign domestic workers, also seen in the data for Chinese Taipei, allows the release of local women from middle-income families into the labour force where they can realize returns from their education.

However, the increase in the number of domestic workers in Hong Kong in the context of such a sharp rise in unemployment does not simply seem to be entirely accounted for by such an explanation. Domestic workers are on a fixed stipend of HK\$3 760 per month with board and lodging supplied. This stipend is not a high wage by Hong Kong standards and it seems possible that Hong Kong employers are bringing domestic workers into the SAR and channeling them into other activities such as into retailing, services or even manufacturing. The increasing proportion of Indonesians among the foreign domestic workers, who, unlike the Filipinas, do not have the English language skills often demanded by middle-income Hong Kong residents to reinforce the abilities of their children, would also be suggestive of such a diversion of foreign domestic workers into a wider labour market.

Several of the East and Southeast Asian countries are still significant suppliers of unskilled workers through official labour recruitment programmes, both government and private. The Philippines, Indonesia, Thailand and China all fall into this category. China sends workers to some 181 countries and territories, plus large numbers to regional fishing fleets. In November 2001, China had 460 000 workers abroad who were involved with contracts worth US\$13.3 billion in 2001 (Zhang,, this volume). The Philippines is the country of origin of workers par excellence, with some 866 590 workers overseas in 2001, up from 837 020 in 1999 (Go, this volume). The numbers of Filipinos employed in Asia, however, actually declined over this period, with markets in Europe and the Middle East compensating for these losses. Remittances from these workers that pass through official channels were estimated to have exceeded US\$6 billion in 2000 although this figure was down from a record US\$6.8 billion in 1999. Thailand, perhaps because of its greater reliance on Asian markets, particularly Chinese Taipei, saw a slight decline in the number of workers overseas from 202 416 in 1999 to 193 041 in 2000 (Chalamwong, this volume). Thai workers overseas remitted some US\$1.5 billion in 2000. As emphasized earlier, a considerable amount of the monies remitted passes through informal channels as do many of the workers themselves and it is to the issue of undocumented migration that we now turn.

Undocumented workers

The total numbers of undocumented workers are much more significant in the countries of Southeast Asia than they are in East Asia. Also, the data on those who entered illegally or who entered legally and overstayed their visas or changed their designated terms of entry are likely to be much more reliable for economies in the latter region than for Southeast Asian countries.

The numbers of illegal entrants to Hong Kong, primarily from China, who were caught and deported declined markedly from 14 892 in 1998-1999 to only 4 397 in 1999-2000 (Chiu, this volume) – a far cry from the tens of thousands of would-be entrants to the city of just a few decades ago. The

creation of widespread opportunities in the Pearl River delta region and continued tight control along the border have all but eliminated irregular migration as a major policy concern in the SAR. In Singapore, too, the number of illegal immigrants apprehended declined sharply from 23 000 in 1998 to 16 500 in 2000 (Yap, this volume). The principal reason given for the decline is the Asian financial crisis although, like the relationship between Hong Kong and Shenzhen, the creation of intervening opportunities for migrants across the causeway in Malaysia surely played a part.

In Chinese Taipei, on the other hand, rising illegal migration from China appears to be a growing problem and the figures on the number of undocumented workers presented in **Table 5** almost certainly “grossly underestimate” their true number (Lee, this volume) despite the fact that changed policy has increasingly tied workers to employers. It is estimated that just over half of all those who enter legally into Korea as trainees “disappear” into the wider labour force and become overstayers. Korea, the worst affected of the original tiger economies, saw a sharp reduction in undocumented workers from 148 048 in 1997 to 99 537 in 1998 following an amnesty for illegal workers that allowed them to leave the country without paying a fine (Yoo, this volume). As the Korean economy resumed rapid growth the number of undocumented workers, too, accelerated markedly from 1998 to reach 250 756 in November 2001.

Estimates of up to 1.43 million illegal migrants have been made for Malaysia before the onset of the financial crisis (ILO, 1998). Official estimates of illegal migration in Malaysia are based on annual apprehensions that are difficult to translate into stock estimates. Since 1997, however, the numbers of those apprehended under the *Ops Nyah* exercises have increased (Kassim, this volume) and it would seem doubtful that the number of those eluding capture and residing illegally in Malaysia had declined. The social distance between certain Indonesian groups, such as the Minangkabau of Sumatra, for example, and ethnic Malays in peninsular Malaysia is much less than between the Minangkabau and the Javanese of the capital, Jakarta. In both peninsular Malaysia and East Malaysia, there are virtually invisible minorities from neighboring countries.

Similarly, in Thailand, the data on the numbers of undocumented workers appear to be distinctly “spongy”. Under the new Prime Minister, Taksin Shinawatra, a concerted effort has been made to register undocumented workers and by the end of October 2001, 562 527 workers had registered for legal work permits, although it was estimated that a further 300 000-400 000 undocumented workers remained in the country. Despite statistics to show that 319 629 workers were arrested in 1999 and 444 636 in 2000 (Chalamwong, this volume) these apprehensions do not seem to have decreased significantly the numbers of undocumented workers in the country.

Migration policies

Two generalisations can be advanced in terms of policy response in the Asian region: first, that the responses have been various depending upon the priority of each economy and, second, that there is little evidence to suggest that any policy intervention has been effective in controlling numbers or managing migration in desired directions over anything but the immediate short term. Clearly, policies vary depending on whether they are directed towards receiving workers or sending workers overseas. If we examine policies directed at receiving migrants, of the countries participating in the discussions only Australia could be said to have a well-developed policy that essentially achieves its objectives. The Australian policy is well described in Hugo (this volume) but, because of its settler tradition, cannot be used as a model for the majority of Asian countries at this stage of their development. Apart from Hong Kong’s policy to allow the entry of one-way permit holders from China, no Asian country actively seeks immigrants *sensu stricto* or extends the benefits of citizenship

to foreigners. Those few examples, such as Singapore's policy to bring skilled and semi-skilled workers from Hong Kong in the early 1990s or Thailand's assimilation of long-term migrants from Vietnam in the late 1990s, were all limited target and short term. Singapore and, from February 2002, Hong Kong both have investor programmes that grant permanent residence to those willing to invest large sums of money in the economies. In the case of Hong Kong, some US\$830 000 is required, a considerably larger sum than investor programmes in Canada or Australia. Policies in Asian economies are designed essentially to deal with workers, not immigrants. And the worker policies implemented are still strongly biased towards the unskilled, leaving vague or unstated any policy towards the attraction or retention of the highly skilled.

Within Asia, the general approach is to welcome and encourage highly skilled migrants but to discourage or closely control unskilled workers. Policies for the latter often stipulate ceilings on intake, sectors in which foreign workers can be employed and terms and conditions of employment. Japan only laid down the basic principle for a migration policy as recently as August 1999 and even then it only addressed skilled migrants leaving unskilled workers for future careful study (Iguchi, country paper, this volume). The policies can be project-specific or of limited life. For example, the policy to allow workers into Hong Kong for the construction of the airport indeed terminated with the completion of the project in March 1999 and the General Labour Importation Scheme, introduced in May 1989 to allow employers to bring in up to 14 700 workers was wound down after a review in 1995 (Chiu, this volume). Local legislators and union leaders were instrumental in opposing the scheme in the face of rising domestic unemployment.

In other economies, policies are aimed fundamentally at dealing with undocumented migrants. Thailand has seen the evolution of a series of policies that attempted to regularize the number of foreigners already working illegally in the country. From virtually a total ban on foreign workers, Thailand has moved through identifying particular parts of the country, and particular sectors of the economy, where foreigners would be permitted to work, to the present policy that is countrywide and that includes 10 general types of business occupations (Chalamwong, this volume). Chinese Taipei, Japan, Malaysia, Korea and Singapore all have policies that have been implemented at one time or another to deal with the issue of undocumented migrants. Policies to return migrants forcibly to their home areas appear to have had little more than short-term impact and can be expensive. Again, amnesties have met with limited success. The substitution of newly unemployed domestic labour for foreign labour is unrealistic as the domestic employed are often to be found in other parts of the country from where foreign labour is employed and, more importantly, the domestic unemployed are unwilling to undertake the kinds of jobs that foreign labour is willing to do. Policies like the current Thai policy, that seek to register all those already working in the country without threat of deportation, are more realistic. The likely impact of that policy on the volume and direction of future migration is, however, unknown. It seems probable that, as in the case of skilled migration, countries need to plan for the exchange of unskilled migrant workers, facilitating their circulation between origins and destinations.

Three other types of migrant worker policy are relevant to the region. The first relates to emigrant worker policy or attempts by countries of origin to seek out markets for their workers. In the wake of the Asian financial crisis, for example, Thailand sought to find countries that could absorb the newly unemployed. Vietnam plans to increase its export of workers, skilled and unskilled, to 100 000 by 2005 and provide a special fund for their training and loans for prospective migrant workers (Nguyen, this volume).

The second type of policy refers to the protection of migrants: to ensure that they are accorded the same rights and privileges as local workers and to guarantee that they are not discriminated against because of citizenship or ethnicity. To achieve this objective, countries need to

become party to international conventions aimed at protecting migrant workers and their families, the elimination of child labour and the suppression of trafficking. Clearly, these objectives are of greater importance to countries of origin of migrants but their implementation lies in the hands of destination countries. The Philippines, in particular, has worked extensively, though not always successfully, through international forums to reach agreements on the protection of the large number of its workers overseas.

The third and last type of policy deals with issues of return and reintegration. Migrant workers accustomed to regular employment or high wages relative to their areas of origin may face problems of adaptation and re-integration when they either return, or are returned, home. They may not find employment or remuneration at levels similar to those overseas and their overseas experience may not be relevant, recognized or even applicable. Although the cases of forced return may pose greater problems of readjustment than for those who have returned voluntarily, both can and do experience difficulty. It is not only the migrant worker who returns home; those from settler societies, too, go back to retire after a working life in Australia, Canada or the United States. As Hugo (this volume) makes clear, Australia is also a country of emigration and much of that is of immigrants returning to their origins. Children may be left behind and loyalties are divided within families. As mentioned earlier, governments need to make provision to allow migrants to participate in two societies. As globalization proceeds, these issues will loom ever larger.

Conclusion

The overriding impression gained from an overview of labour migration in and from Asian economies is one of heterogeneity. There is the problem of data quality and availability. Nevertheless, certain generalizations can be made and trends can be identified and this introductory chapter has attempted to do this, despite the difficulties inherent in any such task. Clear differences exist by level of development between those advanced economies in East Asia, the tigers and Japan, and those in Southeast Asia. The former have seen a transition from emigration to immigration and are concerned with labour deficits and the need to recruit highly skilled migrants. The latter are concerned with finding new markets for their domestic labour and dealing with an influx of undocumented migrants.

The demographic context influencing the supply of labour through different fertility levels has been raised as a significant factor influencing the relative surpluses or deficits within the region. Thus, in terms of policy, migration needs to be considered within broader population policies that look at the long-term implications that the trends in fertility may have for population movement. The relationship between fertility and migration still remains an under-researched topic and is one with significant policy dimensions.

The critical policy issues in the East and Southeast Asian region remain, first, how to attract and retain the skilled labour that is so essential in the process of economic development and, second, how to manage overall migration in such a way as to reduce the volume of undocumented or irregular movement. Central to achieving the latter objective will be the broadening of existing channels of legal migration and the creation of new channels that can permit greater numbers of the needed labour to enter economies legally. There is also a significant relationship between the entry of the highly skilled and the demand for unskilled labour. Several of the industries that are high-tech and that require skilled labour also imply increasing demand for low-skilled and routine jobs. Also, the highly skilled themselves will generate a demand for particular services as varied as chefs and waiters in up-market restaurants, domestic workers, office cleaners, laundry workers and so on. Thus, the nature of the unskilled migration system in the region is changing, and changing in tandem with the increasing demand for the highly skilled.

All these factors emphasize the inter-related nature of the migration system, not only the relationships between different types of migrants but also the links with fertility and other elements in society and economy. For example, reducing the number of public housing units in either Hong Kong or Singapore may encourage the migration of both the young professional and the elderly in search of cheaper accommodation in peripheral parts of the cities in China and Malaysia. Any such movement will have implications for transport policy, cross-boundary facilitation and the provision of health services. East and Southeast Asian economies remain, despite recent and current setbacks, among the most dynamic in the world. Societies are experiencing rapid change and part of that change is a function of migration. There needs to be a greater awareness of the integrated nature of the various migration systems in the region, and the close relationship that these systems have with long-term trends in fertility and mortality. Migration policy thus needs to be part of wider population policies. As important, however, is a clear understanding among policy makers of the important relationships between these population policies and other policies in, among others, the housing, transport and public health areas. The creation and diffusion of this understanding will be among the principal challenges in the region over the next decade.

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Table 1. Real GDP growth, Asian economies, 1996-2001

	1996	1997	1998	1999	2000	2001
Chinese Taipei	6.1	6.7	4.6	5.4	5.9	-1.9
Hong Kong	4.5	5.0	-5.3	3.0	10.5	0.1
Japan	3.5	1.8	-1.1	0.7	2.4	-0.4
Korea	6.8	5.0	-6.7	10.9	9.3	3.0
Singapore	7.7	8.5	0.0	6.9	10.3	-2.0
Indonesia	8.0	4.5	-13.2	0.9	4.8	3.3
Malaysia	10.0	7.3	-7.4	6.1	8.3	0.4
Philippines	5.8	5.2	-0.5	3.3	4.0	3.4
Thailand	5.9	-1.4	-10.8	4.4	4.6	1.8
China	9.6	8.8	7.1	7.8	8.0	7.3
Vietnam	9.3	8.2	4.4	4.7	6.1	6.8
Australia	4.0	3.5	5.4	4.5	3.4	2.4

Source: Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries, 2002*, http://www.adb.org/Documents/Books/Key_Indicators/2002/default.asp and Country chapters, this volume. For Australia, Japan and Korea, see OECD *Economic Outlook*, No. 71, June 2002, Paris.

Table 2. Levels of unemployment, Asian economies, 1996-2001

	1996	1997	1998	1999	2000	2001
Chinese Taipei	2.6	2.7	2.7	2.9	3.0	4.4
Hong Kong	2.8	2.2	2.7	2.9	3.4	6.7
Japan	3.4	3.4	4.1	4.7	4.7	5.0
Korea	2.0	2.6	6.8	6.3	4.12	3.5
Singapore	3.0	2.4	3.2	4.6	4.4	5.0
Indonesia	4.9	4.7	5.5	6.4	6.1	-
Malaysia	2.5	2.6	3.2	3.4	3.1	3.7
Philippines	8.6	8.7	10.1	9.7	12.0	-
Thailand	1.1	0.9	3.4	3.0	2.4	-
China	3.0	3.1	3.1	3.1	3.1	3.6
Vietnam	5.9	6.0	6.9	6.7	6.4	-
Australia	8.2	8.3	7.7	7.0	6.3	6.7

Source: Country chapters, this volume, supplemented by information from Asian Development Bank, Asia Recovery Information Centre, http://aric.adb.org/pre_defined_indicators.asp?id=2, and OECD *Economic Outlook*, No. 71, June 2002, Paris.

Table 3. Fertility levels in Asian economies, 1980-1999

	1980	1990	1999
Chinese Taipei	2.5	1.8	1.6
Hong Kong	2.0	1.3	1.0
Japan	1.8	1.5	1.5
Korea	2.6	1.8	1.6
Singapore	1.9	1.7	1.5
Indonesia	4.3	3.0	2.6
Malaysia	4.2	3.8	3.0
Philippines	4.8	4.1	3.3
Thailand	3.5	2.2	1.9
China	2.5	2.1	1.9
Vietnam	5.0	3.6	2.3

Source: Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries, 2001*, New York, Oxford University Press, 2001.

Table 4. Official estimates of total number (000s) of foreign workers in Asian economies, 1996-2001

	1996	1997	1998	1999	2000	2001
Chinese Taipei	-	245.7	255.6	278.0	326.5	-
Hong Kong ¹	164.3	171.0	180.6	193.7	216.8	-
Japan ²	610.0	630.0	660.0	670.0	710.0	-
Korea ²	210.5	245.4	157.7	217.4	285.5	330.2
Singapore	-	-	-	530.0	612.2	-
Indonesia ³	24.9	24.4	21.3	14.9	16.8	-
Malaysia ²	745.2	1,471.6	1,127.7	818.7	799.7	805.0
Philippines ³	4.3	6.1	5.3	6.0	-	-
Thailand ²	1,033.9	1,125.8	1,103.5	1,089.7	1,102.6	-
China ³	80.0	82.0	83.0	85.0	-	60.0
Vietnam ³	-	-	-	-	30.0	-
Australia ⁴			200.0+			

Notes:

¹ Includes an estimate of foreign domestic workers only; there are no stock figures for the highly skilled.

² Includes estimates of undocumented workers.

³ Estimate of foreign experts only, primarily professionals, the highly skilled and teachers

⁴ Estimate of number of temporary entrants with the right to work.

Source: Country chapters, this volume.

Table 5. Number of students (000s) in degree-granting institutions in the United States, 1954/55-2000/01, top 15 countries of origin as ranked in 2000/01

	1954/55	1974/75	2000/01
China	-	-	59.9
India	1.7	9.7	54.7
Japan	1.6	5.9	46.5
Korea	1.2	3.4	45.7
Chinese Taipei	2.6	10.3	28.6
Canada	4.7	8.4	25.3
Indonesia	-	-	11.6
Thailand		6.3	11.2
Turkey	-	-	11.0
Mexico	1.2	4.0	10.7
Germany	0.8	-	10.1
Brazil	-	-	8.8
United Kingdom	0.7	2.8	8.8
Malaysia	-	-	8.1
Hong Kong	-	11.1	7.8
World total	21.4	93.3	547.9

Source: Institute of International Education, *Open Doors 2000-2001: Report on International Educational Exchange*, New York, Institute of International Education, 2002 and various years.

PART I

THE MOVEMENT OF THE HIGHLY SKILLED IN ASIA

THE MOVEMENT OF THE HIGHLY-SKILLED IN ASIA: PRESENT SITUATION AND FUTURE PROSPECT

by

Yasushi Iguchi

Max-Planck-Institut F.A.I.S.R., Munich¹

Introduction

Objectives of the paper

This paper aims to explore possibilities in Asia to reduce risks of brain drain and increase chances of movement of the highly skilled in the context of regional economic integration.

It seems timely now in 2002 to discuss this issue in a regional forum, as political interests are growing in establishing an institutional regional regime of economic integration. The movements of the highly skilled must be one of the important elements necessary for regional integration of this area.

The European Union has already laid stress on facilitation of the highly skilled especially in 1980s within the framework of free movement of workers under the Rome Treaty in 1957. The North American Free Trade Agreement in 1994 also stipulated measures to simplify the procedure to facilitate movement of professionals within the region.

Therefore, the structure of this paper is the following:

- First, we will discuss the scope and classification of the highly skilled by considering definitions by the OECD and the ILO as well as commitments based on the General Agreement of Trade in Services (GATS) on the movement of natural persons.
- Second, with the classification of the highly skilled adopted here, we will make international comparisons of the movement of the highly skilled, between Japan and the US, and then in selected East Asian countries. By doing so, we can formulate some “stylised facts” on migration of the highly skilled in Asia.
- Third, we will review policy discussions made by the ILO, the OECD as well as the EU concerning the movement of the highly skilled. At the end, we will formulate policy options according to the different flows of this group and discuss possibilities of regional initiatives and strategies in Asia

¹. The author is very grateful for the cooperation of the OECD and ILO, especially for the detailed comments by Mr. Garson and the statistics provided by his colleagues in the OECD as well as documents provided by Mr. Abella and Mr. Wickeramacekara of the ILO.

Background discussions

Since the second half of the 1990s, the discussion on the effects of international migration of the highly skilled has intensified. The present discussion is somewhat similar to that of the 1970s on “brain drain”, with its emphasis on the potential disadvantages such as loss of economic growth and income for the sending countries. Furthermore, the present argument is strengthened by the newly developed endogenous growth models, in which loss of human capital and technology may bring about cumulative negative effects.

In Europe, while the movement of top-level researchers and competent managers to the United States has been raised by some media in the 1990s, the movement of professionals and students from Central and Eastern Europe to Western Europe has been remarkable since the fall of the communist regimes. Under such circumstances, many of countries including the United Kingdom, Germany and France have taken measures to facilitate acceptance of the highly skilled, especially IT-specialists, in order to cope with the globalizing competition for such workers(OECD, 2001b; Werner and Hönekopp, 2001).

In Asia, the emigration of the highly skilled, especially of IT workers to the United States, has attracted much attention in the second half of 1990s, as the flow of highly-skilled workers had peaked in some countries.

However, sending countries' reactions are not unique. Although India supplies the largest number of IT-workers to the United States and to other developed counties, the fear of brain-drain has never been very great, probably because many IT workers finance their own education (Gayathri, 2001). In contrast, countries like China finance the cost of education of university students within the countries almost solely by public funds and the fear of “brain drain” leads to discussions on how to internalise costs and encourage these people back to their home countries (Luo and Wang, 2001). The collapse of the “IT-bubble” in the United States in 2000, and the aftermath of the terrorist attack of 11th September in New York and Washington D.C. have changed the labour market situation of IT workers world wide. Some foreign workers with “H1-b” visa status are losing their jobs (Martin, 2002). Enterprises outside the United States, who could not recruit these specialists until 2001, are now intensifying their activities to attract them. In Germany also, it was reported that some foreign IT-workers holding a “Green Card” had been dismissed as the result of this recession. Some of them are now seeking alternative job opportunities in their home countries. It can be expected that more “return migration” of IT-workers may take place in 2002.

“Brain drain” vs “Brain exchange”

Before discussing the present situation of the highly skilled, it is important to clarify the theoretical framework of the paper. The traditional discussion on “brain drain” was initiated under a much less globalized economic setting. However, the effects of the movement of human resources should be considered now in combination with the movement of capital, goods and services. Large-scale foreign direct investment and growing trade in services are new phenomena that did not exist thirty years ago. The brain-drain effect will be modified and compensated, when a number of countries form regional economic integration. In consequence, intra-regional movement and inter-regional movement of the highly skilled may have different economic effects.

Returning to the notion of traditional “brain drain”, it can be understood as permanent emigration of the highly skilled that may result in irreversible loss of technological development, economic growth, income and employment for the sending country. Nevertheless, there are several

ways to avoid or mitigate such effects. First, “brain drain” does not occur, when the highly skilled are unemployed so they do not form a bottleneck for economic growth. Second, the temporary movement of natural persons can avoid "brain drain". Even the permanent migrants are able to move internationally. Third, the highly skilled are heterogeneous. Whereas the highly skilled of type A may emigrate, the highly skilled of type B immigrate. Forth, emigration of the highly skilled may entail strong network effects, which may facilitate introduction of new technology and even create new international division of labour. Fifth, the emigration of the highly skilled provokes incentives for higher education in the home country, as the cost of education will be well compensated in the long-term. Sixth, the remittances from the highly skilled may to some extent mitigate the negative effects of brain drain.

In general, with the inflow of foreign direct investment, it is not reasonable to assume that “brain drain” exerts irreversible negative effect on the economic structure and its economic growth. From this perspective, Findlay (1993, pp. 149-159) examined the notion of “*brain exchange*”, which implies the movement of the highly-skilled between integrated advanced economies in both directions. Based on such a discussion, Iguchi (1997, pp. 258-264) analysed conditions for “brain exchange” between *developed and developing countries* with *de facto* regional economic integration in Asia. He also recognised the “*brain waste*” problem as an important issue of international migration in Asia.

More recently, Wolburg (2001, pp. 87-151) made theoretical and empirical approaches to “brain exchange” on the basis of European experiences and classified several economic effects of the migration of the highly skilled into two groups. According to him, the real effects of the movement of the highly skilled will be determined by the combination of the two different components. However, to adapt his framework to the Asian economic situation, the author recognises the necessity to modify them (Table 1). Namely, in addition to the six different economic effects already mentioned above, especially under the Asian context, “brain waste” of the highly skilled with low wage level and inadequate working conditions is to be curbed (with * in the table).

A mixture of the two different components in the two columns can explain the actual situation we are now faced with. Normally speaking, the extreme case of “brain drain” does not come into reality.

Definition and scope of the highly-skilled (HS)

Factors defining the highly skilled

The question of how to define the highly skilled is both technical and political in nature. The definition and scope correspond with each other. Effects of the movement of the highly skilled depend on their scope. If the effects of the movement of a certain category of the highly skilled are deemed to be negative for a country, then the country may insist that the category should be out of the scope. In this way, it is almost impossible to reach any consensus on the definition and the scope of the highly skilled. How then can we approach the highly skilled without common definition and scope?

As there are different categories of highly skilled workers, it is possible to select some indicators to define them. They are 1) educational background (like four years of university education or bachelors’ degree), 2) official professional qualification, such as lawyer, doctors, public accountants etc.; 3) experience in a certain occupation or vocational activities or 4) combinations of at least two indicators for example 1), 2) and 3).

It is important to avoid *automatically* classifying university graduates, persons with a certain official qualification or persons with a certain work experience as highly skilled as this is not always the case.

In addition, it can be said that the highly skilled may have some 5) company specific knowledge or technology that can be acquired through experiences with the company, but this cannot be objectively evaluated. We must also bear in mind when we make an analysis on the movement of students as part of the highly skilled, that generally students have not as yet academic degrees, neither official qualifications, or work experience and no specific knowledge and technology.

Another contestable group is the business travellers. They can be engaged in negotiations, advertisements as well as lectures. But, their competence is not supported by academic degrees, professional qualifications etc. We may thus conclude that the scope of the highly skilled is varied and difficult to define.

Definition proposed by the OECD/ Eurostat and the ILO

How then do international organisations define the highly skilled? The OECD and Eurostat agreed on the so-called “Canberra Manual”, which was used as a measure of “Human resources devoted to Science and Technology” (HRST). It has been recommended that the definition of HRST should be refined, when the “Canberra Manual” should be revised (Auriol and Sexton, 2002, pp. 13-37).

According to the “Canberra manual”, HRST are people who fulfil one or other of the following conditions: 1) successfully completed education at the third level in an S&T field and study; 2) not formally qualified as above, but employed in and HRST occupation where above qualifications are normally required (OECD, 2001a, pp. 4-5). The ILO refers in its most recent work, to the movement of the highly skilled as the movement of “tertiarily” educated persons, primarily those with at least four years of education after primary and secondary school (12 years). The mobility refers also to any types of international movement from one-time target to recurrent or permanent patterns (Lowell and Findlay, 2001, box p. 6).

By the way, the OECD has been analysing the movement of students as an important element of the movement of the highly skilled, although students do not conform to such definition (OECD, 2001b, pp. 93-117). The ILO does not include students in the highly skilled either. However, the ILO also discusses the movement of students. In the case study, India is rated as the major supplier of foreign students (Lowell and Findlay, 2001, pp. 11-14).

We can draw certain conclusions from such a discussion. Both OECD/Eurostat and ILO definitions of the highly skilled lack flexibility and are not operational in comparative studies. It seems that even the EU, within which free movement and settlement of EU citizens are guaranteed, are not able to measure intra-EU mobility of the highly skilled. Therefore, these unique definitions can be useful only in the case where common statistics with common indicators are available across countries.

The commitments concerning Mode 4 based on GATS

In contrast to the OECD/Eurostat and ILO definitions, the commitments made by the Member countries of WTO based on the General Agreement of Trade in Services (GATS) reflect a

variety of national definitions of the highly skilled workers of one country, who are defined as “directly related to” and “necessary for” the provision of services of one country in another country (GATS Art. 1/Art. 16). GATS regards such movement of persons as the Mode4 of trade in services (cf. the cross border movement of services from one country to another (Mode1), the movement of consumer from one country to another (Mode2), and provision of services through commercial presence in another country (Mode3).

First, through comparison of commitments by the US, the EU, Japan and Canada, we can generally draw some conclusion that the executives, senior managers and specialists are covered in such movements (Iguchi, 1997, pp. 76-78). However, the notion of specialist also has a variety of definitions. According to US definitions, the specialists should possess “proprietary knowledge” in the company, whereas according to the Japanese definition, they should conduct activity using the “high level of knowledge acquired through university education or its equivalent experience”. Second, mobility takes place mainly through “intra-corporate transfer” between two commercial bodies located in different Member countries (Iguchi, 1997, pp. 80-82).

However, the concept of the intra-corporate transferees is different. The US definition may include transfer of lawyers between two different partnership corporations. The EU definition is not unique, because there are fifteen different company laws in the EU. The Japanese commitment is also very difficult, because intra-company transfer is not explicitly defined for professionals in the Japanese national laws.

Third, the duration of work and stay of transferees is normally limited to between three and five years in many of countries, while duration is not explicitly defined in commitments of EU Member states (Iguchi, 1997, pp. 80-82). Fourth, only the Canadian commitment includes the movement of persons engaged in supplying services on a contract basis, although their application is limited to certain occupation. However, many of service providers on a contract basis may be moving as business travellers and not as service suppliers (Iguchi, 1997, p. 78).

An overview is now possible on the commitments by selected East Asian countries. Naturally there are so many different concepts of the movement of natural persons in the national commitments (Table 2). With all these differences of commitments, we can say that even in East Asia, a certain harmonisation is apparent concerning the movement of natural persons who are employed by the Foreign Service supplier under the GATS.

Types and classifications of HS for international comparison

Based on the above-mentioned discussions, we may conclude that it is practical to define a certain type of movement of the highly skilled so as to make an international comparison. These types are different in national legislation, but they are internationally comparable.

- Type A indicates “Core HS”, which mean temporary movement of the highly skilled and either “intra-corporate transferee”, “researcher (professor)”, “specialist” or “professional”. In this case, “specialist” should have a certain academic degree, while “professional” should have passed a certain official examination or obtained accreditation of qualification.
- Type B indicates “Additional channels to HS” which cannot be included in the “Core HS, but they should be counted as the part of the highly skilled. First, business travellers include those who are employed by Foreign Service providers and engaged in supply of

services on a contract basis. In reality, statistical distinction between service provider on the contract basis and the other business travellers is almost impossible. Second, students are not the highly qualified *per se*, but they may have better access to the foreign labour market after graduation

- Type C indicates “Permanent HS” which includes those highly-skilled who have obtained permanent residence status either through an employment-based immigration system or through a points system, which gives higher points to this group than any other. In addition, in some countries, HS workers have better access to long-term residential permits than less skilled workers.
- Type D indicates “*Outside HS*”, which signify all workers not always acknowledged as highly skilled. Discussions on such highly skilled are often so confusing. Therefore, we should explicitly indicate that nurses (care workers), entertainers and the other skilled workers are excluded in the highly skilled category, as the majority cannot be regarded as HS. 3.

Using the type and the classification of the highly skilled indicated in Table 3, Iguchi (2002) tried to measure the inflow of the highly skilled in Japan and United States as indicated in Table 4. According to this estimation, the share of the highly skilled in the inflow of foreigners in total is about 30% in Japan while it is about 50 % in the United States. In comparing these two countries, see foot note. We will now compare statistics of East Asian countries. By doing so, we can identify basic findings concerning the movement of the highly skilled in Asia.

Core HS as temporary migrants

In several East Asian countries, Core HS can be identified in the immigration statistics. In the place of intra-company transfer, data of “investment promotion” or “expatriates” are available in some countries. Between Japan, Thailand, Hong Kong China and Indonesia, data on “inflow” should be compared, while between Japan, Korea, Malaysia, the Philippines and China, “stock” data is comparable (Tables 5 and 6).

Using foreign direct investment statistics in Japan, local employment as well as the number of expatriates in Japanese affiliated companies (with 10 % or more of capital participation) is comparable across East Asian countries. In addition, the outflow data of Japanese, who are departing to work with Japanese affiliates can be compared (Table 7).

We may formulate some important characteristics of the movement of Core HS in East Asia.

Finding 1: Intra-company transferees are still dominant in Core HS Migration in many Asian countries, while movement of specialist and professionals are small in number.

In Japan and the US, movements of specialists are supported by some visa (resident) status and the number is relatively large. The movement of professionals is promoted under the NAFTA scheme in the case of United States, while the number from Mexico is limited by numerical quota (OECD, 2001b).

Finding 2: Movement of researchers may be small in number probably because of the number and its location of R&D facilities within Asia.

The study of UNCTAD (2001) shows location of the R&D centres. The R&D centres are concentrated in Japan in the case of East Asia in the middle of the 1990s, although there are some information that establishment of R&D centres is growing in China and India. The UNESCO data also reveals that the number of researchers are still low in Asia in comparison with Europe and North America.

Finding 3: Asian nationals occupy the majority of Core HS in Asian countries, as is the case for HI-B visa holders in USA.

Asian nationals make up the majority of the Core HS. It means that the movement of Core HS in Asia is intra-regional, while the majority of H1-b workers are also occupied by Asian nationals in the United States (Martin, 2002).

Additional channels of HS

There have been a small number of studies on business travellers, although the movement of service providers on a contract basis is attracting attention (Iguchi, 1997; Pacific Basin Economic Council, 2001; European Service Forum, 2001). Detailed data on activities by business travellers are not available in Asia, either. We can see some detailed statistics from Japanese immigration data (Table 8). While the movement of short-term visitors in total is increasing, the number of business travellers appears to be growing significantly.

The movement of students is also regarded as a movement of consumers in the frame of trade in services. Traditionally, the internationally comparable data on students are provided by UNESCO (Tables 9 and 10). On the one hand, the percentage of foreign students in Asian universities is relatively low. On the other hand, the ratio of Asian students among foreign students in many of the European and American countries are already high. It means that the intra-regional movement of students in Asia is still limited and inter-regional movement is greater than intra-regional movement.

The findings can be summarised as follows:

Finding 4: Movement of service providers as natural persons on a contract basis may be numerous, but difficult to grasp in statistics for Asia.

Finding 5: In Asian countries, the rate of foreign students is still low in comparison with the industrialised countries who are attracting many Asian students.

In addition to this, there are statistics and estimates on the ratio of returned students. As more industrialised countries are introducing procedures for foreign students to change their status after graduation to working status, the need for such statistics is very great. According to the estimates in China, the ratio of returned Chinese students abroad is especially low in the US in comparison with other host countries. The procedure of adjustment of status after graduation is not so popular in Asian countries except in Japan and Korea.

Permanent highly-skilled workers

Concerning permanent immigration to the traditional settlement countries, there are several schemes to attract HS so as to assure the quality of immigrants. Canada and Australia have a points system to select permanent immigrants. The Asian share of such immigrants is especially high when

we look at the highly skilled. In the United States too, 50 % of the employment-based immigrants are from Asia. Therefore we may conclude:

Finding 6: Countries with a “Points system” or “employment-based” immigration are attracting this group especially from Asia.

It is estimated that the adjustment of status from temporary to permanent acts a magnet for attracting HS in these countries (Giegerlich and Wolfrum, 2000; Christian; 2000). With these basic findings on the situation of Asia, we are about to start policy discussions.

Discussions on the policy related to the movement of HS

ILO proposals to stay the new threat of “brain drain” (ILO)

Recently, the ILO conducted a project on migration of highly skilled persons from developing countries with close co-operation with the government of the United Kingdom (Lowell and Findlay; 2001; Khadria, 2001; Findlay, 2001). According to the ILO, the problem lies in that the demand for highly skilled workers is largely met by developing countries. While the ILO acknowledges that some amount of movement of the highly skilled is necessary for the developing countries to become integrated into the global economy, there also exists *the threat of “brain drain”* which can adversely affect growth and development. The ILO maintains that the developed countries should also share such a threat. Therefore, the project attempted to demonstrate the impact of highly skilled migration on developing countries and policy options open to developed countries.

The reports showed that 10 to 30 percentage of the highly educated workforce left for developed country in some of the developing countries in the 1990. Although the “brain drain” effects have not been clearly demonstrated, it created a challenge for developing countries. The report emphasises that the net impact of skilled migration from developing countries is a balance of direct and indirect effects. The report acknowledged that while there are negative effects caused by skilled labour emigration, there are also positive effects, which promote economic growth. It showed that return migration and expatriates in developing countries exert a positive influence. Such migration also stimulates individuals to pursue higher education. It also points out that “brain exchange” among developing countries has positive effects for globalisation of economies.

Although the report regards the problem of net balance of the effects by the skilled labour migration as open, it proposes six “Rs” (reparation for direct loss like “brain drain tax”, return restriction and recruitment, resourcing – namely inviting Diasporas to come home – as well as grand policies of retention through building educational institutions, assisting economic development etc.).

The report concludes that developed countries should encourage international migration, but the policies should promote economic growth of developing countries, including encouragement of temporary and return migration, control of recruitment from at-risk countries and establish best practices as well as standardisation of GATS commitments etc. Additionally, transfer of technologies and development of human resources should be strengthened. These reports have led to a variety of findings especially in India, Sri Lanka and the Philippines. The policy discussion is comprehensive and very instructive.

However, these studies do not cover aspects of regional integration, although regional co-operation and integration open-up more possibilities to curb “brain drain” effects as we have discussed. The reports also present some restrictive measures to curb permanent migration in

developed countries and encourage only temporary migration, which is not always realistic in the current international context. There is no discussion on the balance of development of human resources and international migration. In some cases, the reports discuss skilled labour migration and not the highly skilled migration.

But, these points are not defects of these reports. The reports should get high evaluation especially in the sense that the developed countries should share the fears of "brain drain" too and they succeeded in encouraging rational discussions with development aspects in the international society.

OECD's approach to global competition of the highly skilled

The OECD clearly detected first occurrences of *global competition* in the labour market of the highly skilled (OECD, 2000a). In the OECD, there have been several studies on the movement of highly skilled, which had been implemented in the first half of the 1990s. The focus at that time was whether the movement of the highly skilled might be reduced with localisation of personal in multinational enterprises and with development of transportation and information technologies or even be increased with higher speed of transfer of technologies (Salt, 1997; Iguchi, 1996). However, these findings have not been reflected in recent discussions on the movement of highly skilled workers.

For a long time, the majority of the OECD countries were not keen to open their doors wide to the highly skilled, as unemployment of highly skilled nationals as well as those foreigners already settled, has been of great concern. In traditional settlement countries like US, Canada and Australia, the rights enjoyed by the highly skilled immigrants have not been much different from the other categories of immigrants, although they had been taken measures to facilitate the immigration of the highly skilled.

Although the "brain drain" aspects have not been the central theme in the OECD countries for the past ten years, the Directorate of Education, Employment, Labour and Social Affairs has recently been assessing the effects of international migration of the highly skilled on economic development in cooperation with the Centre of Economic Development. At the same time, it is expected that relationship with the science and technology policy will be further explored (OECD, 2001b).

The OECD is also strengthening activities concerning what we call "additional channels" in this paper. Namely, the movement of natural persons under the General Agreement on Trade in Services as well as the movement of students are under study in co-operation with WTO and UNESCO.

The recent study on student migration has contributed to new discussion on the movement of the highly skilled since last year. This study has demonstrated that student mobility is constantly growing, host countries benefit greatly while the effects on the sending countries are less advantageous, with the conclusion that the migration of students should be encouraged (OECD, 2001b, pp. 93-115). The OECD has also been paying close attention to the demographic changes especially in developed countries and its relationship with international migration. The linkage between demographic changes and migration policies including the permanent immigration of the highly skilled will be an important issue in the near future. The "brain drain" effects will have to be discussed again.

Overall, the outcomes of studies by the OECD show that the policies concerning the migration of the highly skilled is far beyond the migration policies *per se*. Any policy recommendation is impossible without reorganising the whole economic strategy of the countries concerned. In this

sense, the tasks of the OECD concerning the movement of the highly skilled may not be limited to development of migration policies. It should also be devoted to formulation of new economic policies in the developed countries and to create new economic co-operation with the developing countries under the globalisation of economies.

It is also hoped from the Asian point of view, that the linkage between regional economic integration and international migration of the highly skilled should be more explicitly discussed, so as to give more stimuli to regional co-operation and integration in Asia.

Towards a change of migration policy (EU)

With the long-term projections of declining populations and the labour force within the European Union, the EU Commission reported to the European Council and the European Parliament on the future of migration policies in the European Union (Europäische Kommission, 2000; Friedlich-Ebert-Stiftung; 2000; Deutscher Bundestag; 2000).

The EU commission proposed clearly, that the official “recruitment stop” of foreign workers from outside the European Union since the 1970s should be changed to adapt the migration policy to the new circumstance in Europe.

However, this has no direct impact on the migration policies in Member States and, with the ratification of the Treaty of Amsterdam, the EU Commission has the power to do some co-ordination on European migration policy. For a long time, there have been no regulations by the EU Commission on migration policies for the third country nationals. However, with the deepening of economic and political integration of the EU, the EU Commission has proposed to change the paradigm of migration policy, which has been maintained since the first oil shock at the first half of 1970s. Already in Germany, discussion on reforms of national migration systems has been under way. In 2001, the report of an independent study committee proposed to introduce new immigration regulations and strengthening of integration measures (Bundesministerium des Innern, 2001a).

The Federal Internal Ministry drafted the new law (Bundesministerium des Innern, 2001b) and the draft law is presently being discussed in the *Bundestag* (Diet), after having undergone several amendments during the negotiations with the parties concerned, as the ruling coalition parties do not have majority in the *Bundesrat* (Senate). The draft law intends on the one hand to utilise the existing domestic workforce as much as possible. On the other hand, it will institutionalise permanent immigration by introducing a points system with an annual quota. The highly skilled, who fulfil several conditions, may be allowed to stay and work in Germany almost automatically.

At the same time, measures to integrate foreigners should be strengthened. The whole system of immigration and working should be simplified and be made transparent. It is expected that more developed countries will prefer highly skilled migration and provide adjustment procedures from temporary to permanent status for these workers.

Asia, still being the biggest supplier of the permanent emigrants to the traditional settlement countries like the US, Canada and Australia, should have a long-term strategy to retain and attract the highly skilled to cope with new developments in migration policy in Europe.

As we have seen above, policy discussions on the highly skilled until now have not taken into consideration regional specific issues and do not reflect different types of their international migration. Therefore, we should examine several policy options concerning the highly skilled by types

and classifications of international migration, paying close attention to the effects of regional integration, which may compensate or even cancel the effects of “brain drain”.

Table 13 shows several policy options for Asian countries. Among them, we discuss the following important points:

1. Widening the scope and improving transparency of procedure for intra-corporate transferees are of great importance. This scheme may eventually serve for transfer of technology. Under the rapid technological development and changing business circumstances, the widening of scope for intra-company transfer does not necessarily damage localisation policy (Iguchi, 1997, pp. 265-274).
2. It is more realistic, in the medium term, to acknowledge foreigners with at least a bachelor's degree when accepting them as specialists, than to realise mutual recognition of professional qualifications in the long term, as the experience in Japan and the US shows. Naturally, other problems will arise such as steeper competition between national and foreign workers who have similar academic degrees. It depends on the employment situation in domestic labour market of academics.
3. Mutual recognition of professionals may be easier on a bilateral basis, as the experience of NAFTA shows. It is more complicated and difficult to realise this in multilateral schemes except accountants, especially in Asia.
4. It is important to encourage multinational enterprises to establish more R&D centres in Asian countries using the resident highly skilled. This may automatically contribute to strengthening of R&D capacity and extending its networking. The small inflow of researchers cannot in itself improve through facilitating inflow of researchers in migration policies.
5. Under the Asian situation, deregulation concerning the movement of HS risks misuse. Effective checks on recruiters/intermediaries are important. Under the constraints of wide income gaps, it is necessary to assure adequate wages level and working conditions of the highly skilled.
6. Persons who provides on a contract basis are not always acknowledged legally in many of the Asian countries. If some of them stay longer than for a short-term period, there should be effective measures to guarantee their equal treatment: namely, the equivalent wages and conditions with those of nationals in the host country.
7. Establishing what we call centres of excellence, or their branches is important to enhance student's mobility in Asian countries. In addition, deregulation of issuing working status after graduation of students should be examined within a reform of migration policy.

In addition to the measures specific to the types of the highly skilled, it is of great importance to take measures to facilitate their families to enter and stay in host countries and to provide enough social infrastructure, which includes adequate accommodation, safety environment, a wide range of social protection and possibility of language training, as well as education for children with high standard. It should not be overlooked that the decision to enter, stay, work and settlement of the highly skilled is much influenced by that of their families. Without having more consciousness on integration policies of foreign nationals, it seems almost impossible for Asian countries to attract the highly skilled who are willing to emigrate to the developed countries other than Asia.

Finally, aside from individual policy measures, it is naturally important to acknowledge that the “brain drain” effects will be mitigated and even cancelled, when these measures are encompassed under regional economic integration.

Conclusion

Because of lack of statistical information, it is not possible at present to fully verify functioning and / potential of “brain exchange” within the Asian region. However, it may well be said that regional economic integration driven by the market forces may reduce risks of “brain drain” effects in Asia, mainly because growing intra-regional foreign direct investment has helped establish networking and forming channels of highly skilled migration in both directions.

In addition, further networking effects are expected in R&D activities in Asia, as R&D centres have been reorganised and, dislocated from developed areas to developing areas. It is also the case, when centres of excellence establish their branches within the region. This may also lead to movement of students within the region. Until the middle of 1990s, R&D centres in Asia were concentrated in Japan and Singapore and capacities of universities in Asian countries were still limited in their quantity and quality. Recently, the boom to establish R&D centres in China and India is changing the situation of R&D activities and their networking in Asia.

The inter-regional movements of the highly skilled are still dominated by the movement of intra-company transferees in Asia. Although the significance of such movement still remain unchanged, it is also desirable in many of the countries, that restrictions on movement of specialist and professionals should be gradually lifted.

In addition, there are more risks for the highly skilled in Asia to enter into “brain waste” rather than “brain exchange, ” because intra-regional income gaps are much bigger in Asia than in Europe or North America. Even when the channels of the highly skilled are improved, there will be risks that such channels will be misused by illegal undertakings.

Except in an emergency, it is unrealistic and undesirable to restrict movement of the highly skilled by immigration and labour market regulations. Some undesirable effects like “brain drain” should be encountered by positive measures like improvement of education and research as well as their infrastructure. Facilitating return migration has also great potential for host countries now faced with returning migration.

It is very importance to take measures to facilitate their families to enter and stay in host countries and to provide enough social infrastructure, including accommodation with good environment, a variety of social protection and language assistance for the family, as well as education facilities for children with high quality. The decision to enter, stay, work and settlement of the highly skilled is much influenced by that of their families.

The initiatives of migration policies as well as those of the related policies will be more effective when conducted on the regional level. Asia should change its course of just supplying the highly skilled to the other regions of the world to that of utilizing them more effectively for the development of Asia itself. It is therefore timely now to acknowledge that the “brain drain” effects will be mitigated and even cancelled when these measures are taken under the circumstances of regional economic integration.

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Table 1. Brain drain and brain exchange components in home country

Brain drain component (with brain gain/waste in host country)	Brain exchange component (under-regional economic integration)
<p>1 Permanent emigration of the highly skilled:</p> <p>a) Exerts a negative effect on per capita income through reduction in the share and/or the number of the highly skilled.</p> <p>b) Increase unemployment if the highly skilled are a bottle neck factor.</p> <p><i>c) can be accelerated by private recruiters without utilising qualification of the migrants with "inadequate wage level and working conditions"</i>*</p>	<p>Emigration of the highly skilled unemployed</p> <p>Reduces transfer payments and / or stops the depreciation of human capital.</p> <p><i>The "brain waste" with low wage and bad working conditions in host countries is curbed</i>*</p>
<p>2 Loss of publicly provided education.</p>	<p>2 Temporary emigration of the highly skilled with possible acquisition of human capital abroad.</p>
<p>Competitiveness for human capital-intensive products/ services decreases; the terms of trade worsen.</p>	<p>Simultaneous immigration of new types of human resources that encourages more advanced division of labour.</p>
<p>If the highly skilled pay taxes above the average, their emigration</p> <p>a) Causes income distribution to worsen, if distribution from the highly skilled to the remaining population previously took place.</p> <p>b) Reduces the average tax rates so that government expenditures have to be reduced. Or the deficit has to be increased.</p>	<p>4 Building up a network from abroad so that technology transfer becomes possible/ is increased.</p>
<p>5 If publicly provided goods are produced under decreasing average cost, emigration increases the user charge of these goods for those left behind.</p>	<p>The possibility of emigration makes investment in human capital less risky so that the incentives for education are increased.</p>
	<p>6 Emigrants' remittances and voluntary payments from the destination country.</p>

Source: Wolburg (2001) with modifications by the author (especially with *).

Table 2. Commitments of the movement of natural persons according to GATS

	Commitments for Mode 4 of Trade in Services	Explanation
Japan	No numerical quota but guarantee of national treatment for executives, senior managers and high-level specialist (including lawyers, accountants etc.) as intra-corporate transferees (for 5 years) and business travellers (90 days)	Business travellers cannot acquire income from within Japan
Korea	No numerical quota but guarantee of national treatment for executives, senior managers and high-level specialist (including lawyers, accountants etc.) as intra-corporate transferees (for 4 years) and business travellers (90 days)	Business travellers cannot acquire income from within Korea
Singapore	Executives, senior managers and high-level specialist (including lawyers, accountants etc.) as intra-corporate transferees (for 5 years)	National treatment not guaranteed; No commitments for business travellers
Malaysia	No quota but guarantee of national treatment for senior managers directly subordinated by CEO or Board, max two high-level specialist per company, additional high-level specialists are subject to labour test and training for nationals (for 5 years) and business travellers (90 days)	Professionals are subject to recognition by authorities, Business travellers cannot acquire income from within Malaysia
Thailand	No numerical quota but guarantee of national treatment for executives, senior managers and high-level specialist, if they conform to “the criteria on necessity in business” as intra-corporate transferees (for 3 years)	The “the criteria on necessity in business” is not transparent, No commitment for business travellers
Indonesia	No numerical quota but with labour test for managers, technical experts advisers as intra-company transferees (for 3 years)	National treatment is not guaranteed; the liberalisation is low with economic needs test, No commitment for business travellers

Source: Iguchi (1997) pp. 78-80.

Table 3. Scope of the highly skilled (HS) and workers outside the scope of HS

Type	Classification
A; Core HS as temporary migrants	Intra-corporate transferee as Executives, senior managers and specialists
	Researcher or Professor
	Specialist other than intra-corporate transferee
	Professional with certain accreditation
B: Additional Channels to HS	Business traveller including service provider on contract basis
	Student able to adjust their status after graduation
C: Permanent HS migrants	HS qualified under employment-based immigration system or point system
	HS acquired long-term resident status
D: Outside the scope of HS	Nurse and care worker as medical specialists
	Entertainers
	Trainees with employment contract
	The other skilled and unskilled workers as well as dependents
	Long-term residents and permanent migrants other than HS

Note: A, B and C are included in the highly skilled. D is outside the scope.

Source: By the author:

Table 4. Inflow of the highly skilled (HS) and non-HS in Japan and US

Type	Classification	Japan (2000)	US (1999)
A: Core HS As temporary migrants	Total	21,478(100)	561,423 (100)
	Intra-corporate	4,739(22.1)	174,797(31.1)
	Researchers	2,977(13.9)	15,946 (2.8)
	Professionals	4(0)	68,354 (12.2)
	Specialists	13,758(64.0)	302,326 (53.8)
B: Additional Channels to HS	Business travellers including	1,218,102	24,104,371
	Students	19,503	567,146
C: Permanent HS	HS immigrants accepted under	None	77,517 (1998)
	HS temporary worker applying	-	-
D. Outside the Scope of HS	Non-HS Workers in Total	144,318	388,665
	Medical related Specialists	3	2,046
	Entertainers	103,296	48,471
	Other workers	30,665	290,039
	Traineeswith OJT	41,019	2,986
	Dependents of Workers/students	33,556	319,349
	Other activities	2,708,762	24,379,890
	Long-term residents	40,003	None -
	Permanent residents	None	660,477
A+B+C/		29.8%	49.2%

Note: 1) Intra-corporate transferees mean those whose status of residence “Investor /Business manager” and “Intra-corporate transfer” in Japan while they mean Visa L-1and E holders in the US. 2) Researchers mean those whose status of residence “researcher” and “professor” in Japan while they mean visa O-1 holders in the US. 3) Professionals mean those whose status of residence “legal /accounting service” and “medical service” while they mean Professional workers: NAFTA in the US. 4) Specialists mean those whose status of residence “engineer” ”Specialist in humanities and international services.” and “instructor” in Japan while they mean visa H1-b holders with the quota. The number of H1-b holders exceeding the quota is not clear.

Source: By the author in reliance upon Japanese and US immigration statistics. See Iguchi (2002).

Table 5. Inflow of legal foreign workers

	Japan (2000)	Thailand (1999)	HK China (1999)	Indonesia (1998)
Intra-C. transfer	4,739	23,637	7,294	9,785
Researcher, Specialist and Professional	18,335	-	2,533	8,152
Core HS total	23,074	23,637	9,827	17,973
Other Workers	106,794	46,130	5,681	17,123
Legal workers	129,868	73,613	15,508	35,096

Note: Other workers mean workers of Category D (Outside the scope) excluding permanent residents.

Source: By the author in reliance upon national statistics.

Table 6. Stock of legal foreign workers

	Japan (2000)	Korea (2000)	Malaysia (1999)	Philippines (1998)	China (1999)
Intra-C. transfer	14,351				69,636
Researcher, Specialist and Professional	75,201				14,376
Core HS total	89,552	6,712	22,729*	5,837	84,000
Other workers	65,206	5,878	-		
Legal workers	154,748	12,590	-	5,956	84,000

Note: * stands for peninsular Malaysia only.

Source: By the author in reliance upon national statistics.

Table 7. Employees and expatriates in Japanese affiliated companies in Asia

	Departure for Affiliates from Japan (2000)	Japanese affiliated companies (Oct. 2000) overseas with 10% or more participation of capital			
		Expatriates		Local Employment	
Asia total	29,821	25,461	50.7	2,064,795	63.8
Korea	1,271	524	1.0	79,974	2.4
China	6,637	5,244	20.6	566,728	17.5
HK China	5,203	3,077	6.1	144,259	4.5
Taiwan China	2,316	2,040	4.1	107,912	3.3
Malaysia	1,710	2,327	4.6	226,431	7.0
Thailand	3,357	4,451	8.9	344,918	10.7
Singapore	5,108	3,530	7.0	78,315	2.4
Indonesia	1,562	2,355	4.7	253,474	7.8
Philippines	1,105	1,235	2.4	147,083	4.5
Vietnam	333	348	0.6	34,009	1.1
Europe	8,954	3,930	7.8	280,726	8.7
North America	14,451	14,495	28.8	682,658	21.1
Oceania	853	1,054	2.1	53,854	1.7
Other	1,040	5,306	10.6	155,217	4.8
World grand total	55,119	50,246	100.0	3,237,248	100.0

Source: Ministry of Justice and Toyo Keizai Shinpo Sha.

Table 8. Movement of business travellers from Japan (2000)

	Business traveller	Share
Asia total	1,648,217	63.4
Korea	247,967	9.5
China	413,321	15.9
Hong Kong China	208,874	8.0
Taiwan China	278,034	10.7
Malaysia	67,990	2.6
Thailand	132,879	5.1
Singapore	104,252	4.0
Indonesia	49,334	1.9
Philippines	62,502	2.4
Vietnam	25,435	0.9
Europe	343,378	13.2
North America	528,257	20.3
Oceania	49,143	1.9
Other	30,178	1.2
Grand total	2,599,173	100.0

Source: Ministry of Justice 2001.

Table 9. Number of foreign students in selected Asian countries (1998)

	Japan	Korea	Philippines	Indonesia
Student (a)	3,917,709	2,541,659	2,017,972	157,695
Foreign student (b)	53,511	2,143	4,864	1,147
Ratio (b)/(a) %	1.3	1.9	0.2	0.0
Asian student ratio	92.1	72.8	68.7	67.8
Postgraduates ratio	3.5	5.0	4.7	-

Source: UNESCO, *Yearbook 2000*) and UNESCO-OECD database.

Table 10. Number of foreign students in selected OECD countries (1998)

	US	UK	Germany	France	Canada	Australia
Student (a)	14,261,778	1,820,849	2,131,907	2,062,495	1,783,716	1,041,648
Foreign student (b)	453,785	198,839	165,977	138,19	-	102,284
Ratio (b)/(a) %	3.2	10.5	7.8	6.7	-	9.8
Asian student	64.1	46.2	36.2	13.4	39.4*	64.3**
Postgraduate	14.2	-	-	-	6.7	13.2

Note: *Asian student ratio in Canada includes those from Oceania.

**The ratio in Australia is calculated on the basis of offshore student visa Grant in the 2000-01 period.

Source: UNESCO, *Yearbook 2000*) and UNESCO-OECD database.

Table 11. **Estimated overseas and returned Chinese students (1978~1999)**

	Overseas Chinese Students	Share by country %	Returned students	Rate of return %
Total	400,000	100	100,000	25.0
USA	213,200	53.3	30,021	14.1
Japan	66,800	16.7	25,016	37.4
Canada	26,800	6.7	10,036	37.4
Germany	26,800	6.7	10,036	37.4
UK	21,200	5.3	9,924	46.8
France	14,800	3.7	7,050	47.6
Australia	13,200	3.7	5,932	44.9
Others	17,200	4.3	1,984	11.5

Note: The rate of return = stock of returned students/ (stock of students studied overseas – students who were studying abroad). In countries, where number of students who were studying abroad are not available, the rate of return = total of those who returned/ total of those studying abroad.

Source: Gupchu and Wenjun (2001).

Table 12. **Permanent immigrants under employment skill based / point system**

United States (employment-based)		Canada (point-system / skill-based)		Australia (point-system/ estimated)	
Total	77,517	Total	52,080	Total	64,800
(1998)	100	(2000)	100%	(2000-1)	100%
Asia	50	Asia/Pacific	56%	Asia	41%
N. America	19	Europe	21%	Oceania	37%
Europe	18	Africa/ ME	16%	UK	14%
Others	13	Latin America	5%	Others	9%
		US	1%		

Note: The figure for Australia refers only to those immigrants whose nationality is specified in the statistics.

Source: Calculated by the author based on national statistics.

Table 13. Policy responses according to the types of HS within the region

Types	Classification	Industrialised Countries	Developing countries
A: Core HS as temporary migrants	Intra-corporate transferee	Improving transparency, simplifying procedure, if possible, lifting upper limit of stay.	Widening scope of acceptance and improving transparency / lifting of labour test, quota and localisation clauses
	Researcher	Facilitating acceptance by simplifying procedure strengthening Centre of Excellences/ improving infrastructure for research	Encouraging MNE to establish R&D centres/ inviting Centre of excellence / encouraging researchers to return
	Specialist	Simplifying procedure for foreigner at least with bachelor's degree / effective control of recruiters	Improving / expanding university education to absorb and retain national students
	Professional	Mutual recognition of qualification (in line with regional integration) / effective control of recruiters	Establishing professional qualification system which is internationally compatible
B: Additional Channels of HS	Business traveller including service provider	Flexibility in visa procedure/ limiting length of stay or assuring equal payment and conditions as nationals to avoid negative effect on domestic labour market	Encouraging on-shore services by assuring equal payment and conditions of service providers in the case of service on contract basis
	Student	Expanding suitable courses / exams for foreign students / facilitating adjustment of status after graduation / assistance for working	Encouraging national students abroad to return by acknowledging foreign degree (restricting study abroad is not rational)
C: Permanent HS	Employment-based immigration or point system	Facilitating adjustment from temporary to permanent status	Adjustment from temporary to permanent status should be examined as a future task

Source: By the author.

INTERNATIONAL MIGRATION OF HIGHLY SKILLED WORKERS IN THAILAND¹

by

Yongyuth Chalamwong

Thailand Development Research Institute (TDRI)

Introduction

The 1997 crisis proved that the Thai economy has only a limited ability to cushion both internal and external factors. The country is now experiencing weakness in the structure of its economy in all sectors, and it needs to maintain strong competitiveness and sustainability in all areas of development so that it can survive in the open world economy.

The old economy: bricks and mortar

Looking back into Thailand's industrial development, we found that its overall industrial structure and its linkages have been very weak. As far as S&T are concerned, the stage of development of the Thai industries still belong to the old economy (Bricks and Mortar) at different stages of technological development. To get the Thai industry and economy back on track, several strategies with definite objectives to stimulate different SMIs sub-sectors are needed in order to generate the right kind of employment. The government measures should focus on well-defined industrial sub-sectors. Strategic industry sub-sectors must be selected for a definite period of time, so that manpower in S&T, management, and marketing capability can be built on time. To put industrial development back on track, the government needs to strengthen S&T capacity such as S&T infrastructure, S&T-IT manpower development and training.

Some developed countries in East Asia like Chinese Taipei and Korea did not have a better S&T capacity than Thailand early on, but have gained international weight through export and heavy investment in human resources development and technology development in both product and production processes. Such favourable conditions can sustain competition of these two nations in the world market and in turn, these industrial enterprises can carry out S&T development on their own instead of depending on government initiatives.

Thailand cannot afford to carry on just macro strategies in S&T capacity building; it has to focus on key industries as mentioned above. The direction of development must be clear and the weakness must be eradicated. Both government and industrial sectors must be accountable for S&T capacity investment. Unlike the two previous countries mentioned, judging from the current status of S&T development, Thailand still needs support either directly or indirectly by government agencies in order to create foundation for its S&T capacity and to develop a knowledge-base and information communication technology (ICT)-based economy.

¹ I would like to thank Mr. Kampanat Vojitsrikamol for assisting me in collecting data and information.

Thailand vs new economy in Asia: click and mortar

According to the World Bank (2000), Thailand is losing competitiveness due to high-cost structures in the competitive world market. This outcome is confirmed by the IMD's competitiveness ranking, in which Thailand was far behind developed countries and many Asian countries (Table 1). Compared to competitors, according to Tangkitvanich (2001), most Thai industries have very low margins as a result of low-skilled labour, low product quality, higher production costs due to higher rejection rates and poor material yields. The lack of domestic technical professionals is confirmed by the survey of IMD in Figure 1, which shows that Thailand got quite low score (5.09) in Asia.

Information and communication technology (ICT) is effective in many developed countries in providing effective cost-reduction tools for firms, especially for supply chain management. Reports from the OECD indicate that management of supply-chain could reduce the costs by at least 10% and provide cycle-time reductions of 41 to 87 days. Therefore, the Thai manufacturing and business sectors should seriously consider adopting ICT in the area of business to business (B2B), business to customer (B2C), customer to customer (C2C) or customer to business (C2B). This can be done by moving from the old economy of traditional Thai "Brick and Mortar" to "Click and Mortar" in order to link up to the global network economy.

It is very unfortunate that the government initiatives to promote e-commerce have concentrated only on education rather than on the private sector. Before encouraging the private sector to make use to the ICT, two bottom-necks must be solved. The first one is the Communication Authority of Thailand (CAT) monopoly on the Internet (ISP) market. The second one is the issue of shortages of qualified ICT manpower.

As indicated by the IMD's survey (2001), Thailand ranked the lowest among 49 countries. Tables 2 and 3 confirmed the above point that even within Asia, Thailand still ranked among the lowest in the availability of qualified ICT and the demand for IT workers.

The surveying of more than 750 manufacturing industries in Thailand conducted by the Thailand Development Research Institute in 2001 indicated that more than 34% of these industries have used the Internet or EDI for more than one year. About 15% were in preparation stage, about 8% planned to use it within two years, and the remaining 42% do not intend to use it in the next 2 years.

Education and training in IT human resources

According to an evaluation of Tangkitvanich and Veeratiphan (2001), Thailand is far behind several nations in Asia not only in terms of IT development, but in IT manpower as well. The weak S&T education prevent Thai IT professionals from getting certified. The number of certified IT professionals working in Thailand is much lower than that of neighbouring Asian countries, especially Malaysia and Singapore (due to low wages and lack of an appropriate market). However, experiences from the EU indicated that there was a need for demand-side policies to attract good researchers to develop public sector research. There is a need for policies to encourage industry and commerce to demand highly skilled research and technological development (RTD) researchers. If not, countries investing in the training of highly skilled manpower may lose its workforce to foreign countries (Sanker).

One of the reasons of the limited educational capability in this area is that institutions are lacking qualified instructors, even though over 30 public and private universities offer core courses and majoring in IT and related areas. Over 4 500 students graduate each year in computer sciences and computer engineering, and another 4 600 in computer-related engineering fields, in addition to over

700 post-graduates in core computer and related computer engineering. However, it was calculated that the demand still exceed supply significantly (Table 4). It has been said among users of IT manpower that in these areas, it will definitely take years to Thailand to fill up the mismatches between demand and supply due mainly to poor quality of manpower. The poor performance of instructors is due to their inability to keep up with recent computer and IT technology.

Current situation of highly skilled workers

The following section briefly examines the state of the labour market for highly skilled workers in Thailand. Due to the limitation and variety of the secondary sources of data, both formal and informal interview-based data are shown in this paper. Therefore, the accuracy for inference of the informal data is limited. The intention is to give the readers general ideas and an overall picture of the labour market in Thailand.

Supply

In this section quantity supplied is represented in the “flow” form of the number of college graduates. Currently, in the year 2001, the number of college graduates is of about 88 000 persons, which corresponds to a decrease of around 3 000 persons (or-3.6%) on 2000. About 23 000 and 24 000 persons of the total graduated in S&T majors and accounting in 2001 and 2000, respectively (26.1 and 26.3%). Moreover, the number of unemployed college graduates is rather high, around 76 000 persons in 2000 and 109 062 in 2001 (Table 5).

Demand

Quantity

In the year 2001, the total quantity demanded for college graduates in the industrial sector is 11 795 persons, among which only 209 persons (1.8%) had an educational background in S&T major (Table 6). Unfortunately, the data on quantity demanded for college graduates in the other two sectors, namely agriculture and services, are not available at this time. However, it is believed that the surpluses of S&T manpower will be seen in Thailand for many years due mainly to an expected low growth of the Thai economy in the next five years (around 2 to 3%). These surpluses of S&T manpower should be retrained and shifted to the IT market.

Wages/salaries of college graduates

College graduates salaries start at 6 360 baht/month (USD 1 700/year) in the public sector and about 7 000-15 000 baht/month (USD 1 850-4 000/year) in the private sector. The average salaries of general full-timers and experienced workers who have been working for some time in the public and private sectors are 13 576 (or USD 3 620/year) and 15 203 baht/month (or USD 4 050/year), respectively (Table 7). These wage levels are not attractive at all to foreign expatriates unless they work for institutions offering different wage structures and additional fringe benefits.

Immigrants

The main 3 nationalities of foreigners working in Thailand are the Japanese, the British and the Chinese, who accounted for 1 861, 1 257, and 1 118 persons respectively in 2000. It is very unfortunate that the data does not specify their educational background, but they are generally highly skilled workers and a majority of them earned college degrees. As of 2000, most of these foreigners work as academics and specialised professionals (4 737 persons), managers and administrators (3 981 persons), and traders (1 726 persons). British citizens, Japanese and Indians are the three main nationalities in academia and specialised professionals, management and administration, and commerce, respectively (Table 8).

Under the Board of Investment and Ministry of Labour and Social Welfare (MOLSW) law and regulations, businesses are allowed to bring in highly skilled technicians and professionals as needed. Individuals and investors who seek employment in Thailand can apply for work permits directly to the MOLSW. In 2000, the MOLSW has issued more than 76 000 work permits (an increase of about 63 000 on 1997).

Emigrants

Number of emigrants

There are three major ways of categorising Thai emigrants. Firstly, government officials and students under supervision of the Office of the Civil Service Commission and Government Officials. Secondly, Thais going to work abroad who report to the Ministry of Labour and Social Welfare, and lastly, aliens admitted in the United States under the monitoring of the US Immigration and Naturalisation Service.² The details are explained as follows;

- Thailand has long been sending government officials and students to train and/or study abroad by granting scholarships since King Rama the fifth period (about 100 years ago). Presently, 4 759 persons have government scholarships and 447 persons have another kind of scholarship. These bring the total number of scholars under supervision of the Thai government to approximately 5 200 persons. Their three most popular destination countries are the United States, the United Kingdom, and Australia, respectively (Table 9).
- The number of Thais going to work abroad has declined from 202 416 workers in 1999 to 193 041 workers in 2000 (-4.6%). The most popular work destination is Asia; the Middle East comes second, and Africa comes third, in the proportions of 90.2%, 6.6%, and 0.9% in 2000, respectively (Table 10).

Table 11 shows that most of the Thai workers tend to work in other fields besides those that require high skills and expertise in their fields. Among those are academia and professional specialty, management and administration, and commerce. Commerce (8.5%) ranked first, academia (2.2%) and management (1.2%) ranked second and third of the total number of Thai workers in 2000, respectively. It is quite noticeable that the majority of workers going to work abroad have a low level of education; in other words, approximately 98% of them are below college level (Table 12). Even

² Due to time constraints, the author does not have time to survey and compile data from other countries.

through they are quite skilful and experienced, it is very unlikely that these emigrants will engage in IT-related activities.

In this section, we use the United States as a representative or example of the countries legally admitting foreigners to work and live on its own territory. The number of foreigners admitted in the US has been declining in recent years. In 1998, 660 477 foreigners were admitted in the US, among whom 219 696 persons (33.3%) were originally from Asia, and only 3 102 persons (0.5%) were from Thailand (Table 13).

By occupation, the top 3 highly skilled professions of foreigners admitted in the US in 1998 were professional specialty and technical personnel (6.8%), executive administrative and managerial (2.8%), and sales (1.6%), respectively. Among these, there were 129, 79, and 114 Thais in the same professional fields, respectively (0.02%, 0.01%, and 0.02%) (Table 14).

Wages or income of emigrants

Due to difficulties to obtain official data on personal income or wages, Table 15 shows only a small number of personal interviews of Thais working in the United States. Most of the Thais who have bachelor and higher degrees earn incomes comparable to those earn by the natives for both S&T and non S&T majors. The income of people who have degrees in S&T is usually higher than that in non S&T. These incomes (excluding fringe benefits) are 8 to 15 times higher than those of Thais working in Thailand in the same fields.

Emigration and immigration policies

Unlike other countries in Asia, Thailand has never had any clear vision about how to make use of highly skill professional graduates, either from Thai universities or elsewhere. Brain drain has been a problem for over 30 years. Until recently, Thailand did not have a clear vision of how to generate demand for S&T manpower. For over 2 decades, there were practically no directions on how to develop industry in the country, nor any sense of the kind of manpower needed to suit the general orientation. No plan had been drawn for technology or IT development until recent years.

Thailand has structural employment problems, namely, a mismatch of demand and supply on the labour market. Industries seek employment in low- and medium-skilled workers while students prefer to seek higher education. This trend has been taking place for several decades, forcing graduates in areas like health sciences and S&T, who are not satisfied with local conditions, to seek employment overseas.

There is practically no restriction whatsoever for the Thais to go to work abroad as long as they can find accommodation and job opportunities or a place to study in the destination country. The deep love for their motherland as well as other cultural factors are probably the reasons that keep emigration numbers low as compared to other Asian countries like the Philippines. One might say that Thailand adopted a neutral policy on emigration, especially among highly skilled workers. No serious efforts were made to create a special market for these group. Occasionally, the government expressed its desire to see these highly skilled professionals return home and fill the shortages, but a poor working environment and a lack of incentives drove these people away again and again.

What the government can do is try to protect low-skilled, low-educated workers abroad. These measures should include: 1) protection of Thai labourers overseas from exploitation by

placement agencies or brokers and employers; 2) appropriate measures to deal with foreign labourers in Thailand, taking into consideration the private sector's needs as well as the requirement to maintain order and internal security, and 3) the need to develop domestic labour as replacement in key surplus areas³.

The government also seeks national co-operation and supports from surrounding countries. These measures would include: 1) Reviving and development of better relations and co-operation for national development among neighbouring countries and other Asian countries; 2) Continuation or initiation of relationships and cooperation on all sides of national development for both bi-party and multi-party levels in order to bring peaceful ways of fair beneficial seeking; and 3) International cooperation to help develop labour skills in the industrial sector in order to be consistent with the industrial development future orientation.

Policies of national cooperation and support

Co-operation policies on highly skilled work

The industrial survey conducted by TDRI in 2001 found that over 69% of the Thai manufacturing sector does not have R&D activities. More than 25% of these businesses have higher costs than competitors in the world market, over 61% do not have design activities and over 32% do not use automated machinery in their production process. More than 18% of surveyed industries were not happy with the quality of specialised personnel in various areas, especially in S&T manpower. The results of the survey clearly reflected the shortages of qualified personnel in all industries including IT workers. If Thailand wants to rely more on its own technology and be able to adapt and absorb available technology in the world more efficiently, quantity and quality of S&T manpower to serve both engineering industry, supporting industry and process industry must be immediately improved. Co-operation and networking with more advanced nations must be established to boost S&T development.

The language skills have often been mentioned by employers in various fields, especially in the IT areas where software activities are concentrated on English-speaking innovation hubs. Thailand does not have the linguistic legacy of the colonial past (Tangkitvanich). Therefore, co-operation from native-speaking countries to improve language literacy is urgently needed.

Currently, Thai educational institutes are seeking co-operation among higher education institutes within the country and also abroad to help retrain and upgrade instructors and curriculum developments both in educational and training institutions. This technology transfer should focus on technology universities and specialised or industrial specific training institutes offering training in S&T and IT manpower.

Co-operation policies in IT

The National Electronic and Computer Technology (NECTEC) is a main governmental agency promoting IT by offering numerous courses for IT professionals from basic to advance levels. The NECTEC also offers various courses related to network and Internet technologies. The NECTEC

³ The current labour policy of H.E. Prime Minister Thaksin Shinawatra delivered to the National Assembly, February 26, 2001

has collaborated with The Ministry of Economy, Trade and Industry of Japan (METI) to introduce a national IT professional examination to upgrade IT professionals in Thailand. So far, only a small number of Thai professionals are getting this national certificate. With higher incentives, the number of IT professionals seeking to pass this examination will be higher every year.

The National Science and Technology Development Agency (NSTDA) under the Ministry of Science, Technology and Environment also established an infrastructure for software development called “Software Park” aiming to stimulate development in the Thai software industry. The NSTDA offers courses related to software Quality Control, object technology, web technology and vendor-specific technology (Tangkitvanich and Veeritiphan). However, the output of such programs has not been recorded.

Lastly, the Thai-Japan Technology Promotion Association was founded in 1973 to promote technology transfer. The TPA offers technical and linguistic training, targeting SME professionals and managers.

Thailand is also a land of opportunity for foreign companies who wish to develop affiliated branches abroad. A good example is the subsidiary of an Indian training company called NIIT (Thailand) now operating 7 branches nationwide to offer advanced software development and web programming.

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Table 1. World global competitiveness ranking of selected developed and developing countries

Countries	1998	1999	2000	2001
1. USA	1	1	1	1
2. UK	13	19	16	19
3. France	22	23	22	25
4. Germany	15	12	11	12
5. Australia	12	11	10	11
6. Japan	20	24	24	26
7. Singapore	2	2	2	2
8. Chinese Taipei	14	15	20	18
9. Hong Kong, China	5	6	12	6
10. Korea	36	41	28	28
11. China (Mainland)	21	29	30	33
12. Malaysia	19	28	27	29
13. Thailand	41	36	35	38
14. Philippines	32	31	37	40
15. Indonesia	40	47	44	49

Note: IMD = International Institute of Management Development.

Source: IMD (2001).

Table 2. Availability of qualified ICT skills in East Asian countries

	Source	Rank (among 49 Countries)	Rank (among 6 East Asian Countries)
Thailand	4 369	49	6
Indonesia	4 414	48	5
Malaysia	5 325	36	4
Hong Kong (China)	5 905	28	3
Singapore	7 373	7	2
Philippines	7 873	4	1

Source: IMD (2001), quoted from S. Tangkitvanich, "Linking Thai Brick and Mortars to The Global Network Economy", TDRI, 2001, Table 6.

Table 3. Demand for IT workers in East Asian countries, January 2001

	Total job Announcements	IT-related job Announcements	IT jobs' share of total (%)	Rank (among 6 East Asian countries)
Thailand	1 760	213	12.1	6
Indonesia	760	150	19.7	5
Malaysia	930	250	26.9	5
Hong Kong (China)	4 980	1 727	34.7	3
Singapore	3 590	1 165	32.5	2
Philippines	870	237	27.2	1

Source: Tangkitvanich, op. cit., Table 7.

Table 4. Number of IT graduates, 1996-1999

Field	1996	1997	1998	1999
Total at Bachelor Level	6 563	7 764	8 810	9 107
Computer Science	1 743	2 415	2 789	3 848
Computer Engineer	387	407	456	632
Computer Subtotal	2 130	2 822	3 245	4 480
Electrical Engineer	3 295	3 764	34 252	3 485
Electronics Engineer	783	838	960	832
Telecom Engineer	355	340	353	310
Computer-related Subtotal	4 433	4 942	5 565	4 627
Total Graduate Level	562	779	835	886
Computer Science	295	544	601	569
Computer Engineer	145	111	105	119
Computer Subtotal	440	655	706	688
Electrical Engineer	122	124	129	198
Computer-related Subtotal	122	124	129	198
Total	7 125	8 543	9 645	9 993
Growth Rates	-	18.18	12.13	3.54

Source: S. Tangkitvanich and K. Veeritiphan, "Linking Thai Bricks and Mortar to The Global Network Economy", TDRI, 2001, Table 1(a) & 1(b).

Table 5. Number of college graduates in Thailand: 2000-2001 (unit: persons)

	College Graduates*	College Graduates-S&T Major*	Unemployed College Graduates**
2000	91 490	24 408	76 472
2001	88 155	23 374	109 062

Note: The data are the quantity supplied in all sectors: industry, agriculture, and service sectors.

Sources: * TDRI; Macro Model of Labour Demand and Supply for Industrial Restructuring 2002-2006 (Final Draft), January 2002.

** Labour Force Survey 2000 and 2001 (Round 3-August).

Table 6. Demand of college graduates in manufacturing industries in 2001

Year	College Graduates	College Graduates-S&T Major	Non-S&T major
2001	11 795	209	12 004

Note: The data are based on the annually incremental demand (flow) in the industrial sector, excluding agricultural and service sectors.

Source: TDRI; Macro Model of Labour Demand and Supply for Industrial Restructuring 2002-2006 (Final Draft) January 2002.

Table 7. **Wages of college graduates** (unit: baht/month)

	Public Sector	Private Sector
Beginning full-timers	6 360*	7 000-15 000**
General full-timers	13 576***	15 203***

Source: * Actual Government Rate; ** Roughly Estimated Range; *** Labour Force Survey 2000 (Round 3) (1 USD = 44-45 Baht).

Table 8. **Number of immigrants by occupation and original country in Thailand: 2000** (unit: persons)

Original Countries	Occupation				Total
	Academia & Professional Specialty	Management & Administration	Commerce	Others	
Japan	506	937	314	104	1 861
UK	774	337	112	34	1 257
China	470	282	244	122	1 118
India	203	428	338	19	988
USA	585	290	76	26	977
Philippines	496	83	29	18	626
Australia	311	177	38	10	536
Chinese Taipei	91	265	70	26	452
Germany	115	125	31	31	302
Malaysia	108	91	23	14	236
Korea	56	108	46	2	212
Singapore	44	111	51	4	210
Others	978	747	354	139	2 218
Total	4 737	3 981	1 726	549	10 993

Source: Department of Employment, Ministry of Labour and Social Welfare.

Table 9. **Number of government officials and students under the supervision of the Office of the Civil Service Commission and government officials studying abroad, 2001** (unit: persons)

Country	Government Officials	Government Scholars	Other Scholars	Total	
				Number	Share (%)
USA	490	1 760	140	2 390	45.9
UK	177	660	289	1 126	21.62
Australia	233	199	18	450	8.64
Japan	320	122	-	442	8.49
Germany	92	87	-	179	3.43
France	67	75	-	142	2.72
Canada	37	43	-	80	1.53
Philippines	62	-	-	62	1.19
Netherlands	36	16	-	52	0.99
New Zealand	41	10	-	51	0.97
India	26	1	-	27	0.51
Sweden	17	6	-	23	0.44
Singapore	20	1	-	21	0.40
Malaysia	19	1	-	20	0.38
China	15	4	-	19	0.36
Others	78	44	-	569	2.34
Total	1 730	3 029	447	5 206	100.0

Source: Office of the Civil Service Commission and Government Officials.

Table 10. Number of Thais going to work abroad, by destination: 1999-2000 (unit: persons)

Destination	1999		2000	
	Number	Share (%)	Number	Share (%)
1. Middle East	17 341	8.56	12 768	6.61
2. Africa	1 909	0.94	1 675	0.86
3. Asia	179 107	88.48	174 053	90.16
4. USA	1 094	0.54	1 340	0.69
5. EU	1 114	0.55	993	0.51
6. Others	1 851	0.91	2 212	1.14
Total	202 416	100.0	193 041	100.0

Source: Department of Employment, Ministry of Labour and Social Welfare.

Table 11. Number of Thais working abroad by occupation, 1999-2000 (unit: persons)

Occupation	1999		2000	
	Number	Share (%)	Number	Share (%)
1. Academia & Professional Specialty	4 048	2.0	4 247	2.2
2. Management & Administration	2 631	1.3	2 316	1.2
3. Commerce	13 562	6.7	16 409	8.5
4. Others (i.e., general workers)	182 175	90.0	170 069	88.1
Total	202 416	100.0	193 041	100.0

Source: Department of Employment, Ministry of Labour and Social Welfare.

Table 12. Number of Thais working abroad by education level, 1999-2000 (unit: persons)

Education Level	1999		2000	
	Number	Share (%)	Number	Share (%)
1. Below College Degree	198 471	98.0	188 827	97.8
2. College Degree	3 931	1.9	4 181	2.1
3. Others	14	0.1	33	0.1
Total	202 416	100.0	193 041	100.0

Source: Department of Employment, Ministry of Labour and Social Welfare.

Table 13. Number of aliens admitted in the United States, 1992-1998 (unit: persons)

Year	Thailand	Asia	All Countries
1992	7 090 (0.73%)	356 955 (36.6%)	973 977 (100%)
1993	6 654 (0.73%)	358 047 (39.6%)	904 292 (100%)
1994	5 489 (0.68%)	292 589 (36.4%)	804 416 (100%)
1995	5 136 (0.71%)	267 931 (37.2%)	720 461 (100%)
1996	4 310 (0.47%)	307 807 (33.6%)	915 900 (100%)
1997	3 094 (0.39%)	256 810 (32.5%)	789 378 (100%)
1998	3 102 (0.47%)	219 696 (33.3%)	660 477 (100%)

Source: US Immigration & Naturalisation Service (INS).

Table 14. Number of aliens admitted in the United States by major occupation, 1998 (unit: persons)

Occupation	Thailand	Share (%)	Asia	Share (%)	All Countries	Share (%)
1. Professional Speciality & Technical	129	0.28	20 962	46.49	45 088	100.0
2. Executive Administrative & Managerial	79	0.42	9 308	50.5	18 429	100.0
3. Sales	114	1.08	4 403	41.90	10 507	100.0
4. Administrative Support	68	0.53	4 968	39.35	12 623	100.0
5. Precision Production, Craft and Repair	30	0.24	3 281	26.92	12 186	100.0
6. Operator Fabricator & Labourer	28	0.08	5 450	16.42	33 174	100.0
7. Farming Forestry & Fishing	31	0.26	7 086	61.14	11 589	100.0
8. Service	128	0.51	6 505	26.27	24 759	100.0
Total	607	0.36	61 963	36.80	168 355	100.0
No. Occupation or Not Reported	2 495	0.50	157 733	32.05	492 122	100.0
Grand Total	3 102	0.46	219 696	33.26	660 477	100.0

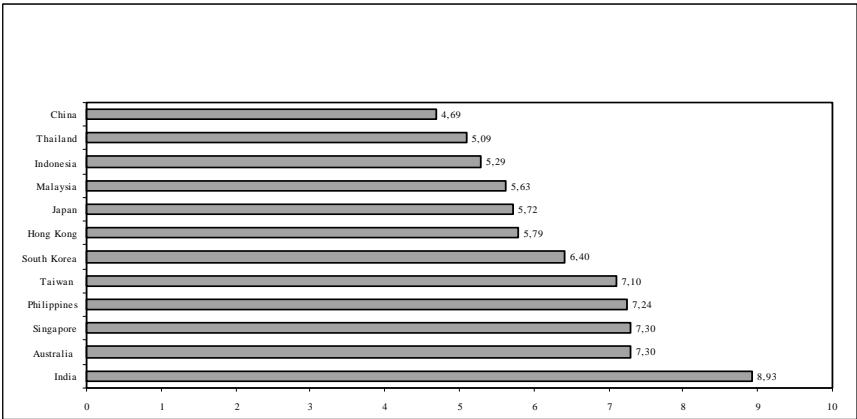
Source: US Immigration & Naturalisation Service (INS).

Table 15. Income of Thai Emigrants (unit: USD/year)

Education Level	S & T	Non S & T
Above Bachelor Degree		
Start	60 000	55 000
3 year experience or above	75 000	70 000
Bachelor Degree		
Start	35 000	25 000
3 year experience or above	55 000	35 000
Below Bachelor Degree		
Start	13 000	15 000
3 year experience or above	19 000	23 000

Source: Personal Interviewed of the Thais Working in USA.

Figure 1. Domestic supply of technical professionals in Asia-Pacific countries



Note: Scale of 0-10, 10 is highest.
Source: IMD (2000), adapted from T. S. H. Teo, *op. cit.*, Figure 1.

HIGHLY SKILLED ASIAN WORKERS IN THE UNITED STATES

by

Philip Martin

Consultant to the OECD ,University of California Davis

Introduction

The US has a fast and easy attestation system for admitting foreign students and highly skilled workers, and a more costly and difficult certification process for admitting immigrants to fill vacant jobs. As a result, the number of highly skilled nonimmigrants admitted rose sharply, while the number of immigrants remained stable. Nonimmigrants expecting to become immigrants are increasingly frustrated that they cannot do so in the time that their student or H-1B visas allows them to remain in the US.

Most non-immigrants to the US are tourists and business visitors, and most immigrants are admitted for family, humanitarian, and diversity reasons. This means that employment-based nonimmigrants and immigrants are a small part of a much larger immigration picture:

- In 1998, there were over 30 million nonimmigrants admitted, but only 554 000 (2%) were foreign academic students, and 241 000 (1%) were highly skilled specialty workers.¹
- In 1998, there were over 660 000 immigrants admitted, but fewer than 30 000 were highly skilled workers, and only two-thirds had a BA degree or more.

Asians play a large role in US employment-based immigration. In 1998, Asians were one third of US immigrants, but half of those who received employment-based immigration visas. Asians were 67% of those admitted as needed workers with a BA degree (sponsored by US employers). The employment-based share of immigrants admitted from Asian countries varies – 68% of Indonesian immigrants in 1998 were admitted for employment-related reasons, as were 35% of Japanese immigrants.

Many of the Asians who receive employment-based immigration visas enter the US as nonimmigrants, primarily as foreign students or foreign workers. Asians dominate foreign student admissions, with Japan accounting for 83 000 foreign student admissions in 1998, followed by China with 55 000 and Korea with 46 000. In Fall 2001, there were an estimated 515 000 foreign students in the US on student visas and 300 000 in the US with J-exchange program visas.² In June, 2001, there

¹ These admission data double-count individuals who arrived several times in one year.

² The J-1 cultural-exchange program grants several types of visas, including four-month cultural-exchange visas or summer work-travel visas; the number issued rose from 20 752 in 1996 to 56 105 in 2000. As networks mature, concentrations of J-1 workers are appearing in some resort areas. For

were 500 000 H-1B foreign professionals in the US; half were in computer-related occupations, and half were from India.

H-1B program

The US H-1B program is the largest program that admits foreign professionals into industrial countries. If the 195 000 a year limit is maintained, and some categories of H-1B visas are exempted from the quota, there could be over 1.2 million H-1 foreign professionals in the US at any one time, since each can remain for six years. H-1B visas are available to foreign professionals coming to the US to fill jobs that require a BA or more if the US employer who requests them attests that he is paying the prevailing wage in the occupation and that there is no strike in progress. The median annual starting salary of H-1Bs was USD 45 000 in 1999, according to a GAO survey.

The H-1B program expanded quickly in the 1990s, due to (1) the dot.com boom, which quickly increased the number of jobs in computer and related fields and (2) the development of a migration infrastructure, recruiters who could select promising foreign professionals and persuade them to accept US jobs. As the H-1B program expanded, current H-1Bs could tell their friends and relatives about the program, and recruitment became less necessary.

The computer industry took the lead in efforts to raise the annual limit on H-1B visas.³ As the annual limit on H-1B visas was raised, there were two major changes in the program:

- H-1B-dependent employers were defined as those whose work forces include 15% or more H-1B workers, and they had to (1) document their efforts to recruit US workers and (2) certify that US workers were not laid off to make room for the H-1Bs in the previous 90 days, before they could have additional H-1B workers admitted.
- Employers requesting H-1B workers must pay a USD 1 000 per worker fee, with the monies collected used to provide H-1B Technical Skills Partnership Grants made to business-education partnerships “to prepare Americans for high skill jobs, reducing the long-term dependence on foreign labor.”

Asians dominate H-1B admissions.

Whither H-1B?

The H-1B program expanded during a boom in the IT industry, when computer-related employment was rising sharply. In 2001, there were widespread lay offs of H-1B workers, and they highlighted the fact that an H-1B visa attaches to the employer, not the worker, which means that a laid-off H-1B worker is supposed to return to his country of origin as soon as he is laid off. The US had 2.2 million engineers in 2001, according to the Bureau of Labor Statistics, and their unemployment rate doubled between Summer 2000 and 2001, to 2%.⁴

example, about 2 500 young foreigners held summer jobs in 2001 in Ocean City, Maryland, making them 20% of the seasonal workers in the area.

³ The 1998 legislation was the American Competitiveness and Workforce Improvement Act; the 2000 legislation was the American Competitiveness in the Twenty-First Century Act.

⁴ BLS reported average annual earnings of engineers to be USD 57 200 a year, and said that 35% of US engineers are electrical, followed by 16% mechanical; 14% civil, and 12% industrial.

The press reported stories of bitter laid-off H-1B workers. The *Wall Street Journal* on June 21, 2001 profiled an Indian H-1B who arrived in November, 2000 to work for ChristAm, a Texas “body shop” that recruited H-1B foreigners for jobs at US companies that need temporary computer support staff. In this case, the body shop did not abide by the contract it made with the Indian worker, and never paid him because it could not find a job in which to place him. ChristAm finally went out of business. US employers who request H-1B workers promise to pay them the prevailing wage, but many of the H-1Bs who are not paid, or not paid promised wages, are reluctant to complain for fear that they will be ordered out of the US because they do not have a job.⁵

Other H-1B workers complained about the contracts they signed to get into the US. Many US employers require H-1Bs to sign contracts that include penalties if the worker leaves the employer that brought him into the US. This means that if a ChristAm assigns an H-1B worker to IBM, and IBM hires the worker, the H-1B must pay ChristAm a significant penalty. A San Mateo County court in April 2001 ruled that a USD 25 000 penalty clause in a contract between one firm that brought H-1Bs into the US and assigned them to US firms, Compubahn, was unlawful, and ordered Compubahn to pay the affected Indian H-1B worker USD 215 050 in legal fees and other expenses. The First Appellate District Court of Appeal dismissed Compubahn's appeal in July, 2001. In 2000, DOL received 140 complaints from H-1B workers, up from 48 in 1997.

When the US and computer-related economies recover, will the H-1B program expand again? Since the quota is scheduled to fall to 65 000 in 2004, the burden will be on the industry to justify keeping it above that level. Unlike the 1990s debate, when there was little experience and a great deal of optimism about the “new economy”, there is likely to be far more scepticism that guest worker programs for highly skilled workers are different from other types of guest worker programs. A decade of experience has shown that many of the same issues – employers preferring the foreign workers, foreign workers and employers becoming dependent on each other – also occur in the H-1B program. Thus, during the next round of debates, reports such as the one issued by the US Department of Labor’s inspector general in May 1996, which concluded that the H-1B program “serves as a probationary try-out employment program for illegal aliens, foreign students and foreign visitors to determine if they will be sponsored for permanent status”, are likely to be cited.

The H-1B program is unlikely to be eliminated, but it is also not likely that US employers will ever again obtain such easy access to foreign professionals as they enjoyed in the late 1990s. Most US IT employers hire fewer than 5% of the applicants for jobs, and hire very few applicants over age 40. They require applicants to apply by computer, and computers often screen applicants for age and skills in a manner that leads to a preference for a newcomer from China or India over an older US worker. The major question is how much effort will be made to regulate the activities of the employers and the support industry of lawyers and consultants who depend on a continued influx of highly skilled workers, most from Asia. Many US leaders fear long-term dependence on, for example, Indian computer schools supplying workers to US computer firms. Ex-President Clinton reflected this fear in a March 30, 1999 speech to the Electronic Industries Alliance: “over the long run, the answer to this problem of the lack of skilled workers cannot simply be to look beyond our borders – surely a part of it has to be to better train people within our borders to do this work.”

⁵ GAO, 2000, noted “Labor can certify that an employer's application form for H-1B workers is error free, but it has no authority to verify the information on the form. Labor cannot take enforcement action even if it believes that employers are violating the law”.

Policy implications

The US is a nation of immigrants that has been and continues to be enriched by the arrival of newcomers. Supporters of immigration have traditionally opposed guest worker programs, arguing that the US should welcome newcomers who will work alongside US workers as intending Americans, not as foreigners who must have to depart after a period of US employment. However, most Americans want immigration reduced, and it proved easier in the 1990s to increase nonimmigrant admissions by increasing the number of visas available for highly skilled workers than to increase the number of immigrant visas.

Guest worker programs aim to fill a narrow range of labour market vacancies. In the US, employers were given more authority to determine their needs for highly skilled foreign workers, and a migration infrastructure developed to bring especially Asian professionals into the US. There is widespread dis-satisfaction with the current system for admitting highly skilled foreign workers, and it is likely that, in the future, there will be an effort to expand the fee or levy system under which employers would prove that they made a good faith effort to recruit foreign workers by paying fees, and the fees collected from employers could be used to cover the cost of enforcement of labour laws in affected industries, to train and retrain US workers, and to develop productivity-increasing technologies. Leading business groups such as the Committee for Economic Development have endorsed this approach, urging that the length of the H-1B visa be reduced from 6 to 3 years, and that H-1B visas be auctioned to the highest bidder when demand for them exceeds supply.

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Table 1. **Employment-based Immigration and H-1Bs, 1992-1998**

	1992	1993	1994	1995	1996	1997	1998
Employment-based Immigration Ceiling	140 000	140 000	140 000	140 000	140 000	140 000	140 000
Employment-based Immigration	116 198	147 012	123 291	85 336	117 499	90 607	77 517
H-1B Visa Ceiling	65 000	65 000	65 000	65 000	65 000	65 000	65 000
H-1B Admissions (double count)	110 223	92 795	105 899	117 574	114 458	200 000	240 947

1997 admissions are estimated; the INS has no data.

1999-2000 H-1B ceiling is 115 000; 2001 ceiling is 195 000.

Source: INS.

Table 2. **H-1B visas: annual limits and visas issued**

FY	Limit	Number issued
1992	65 000	48 645
1994	65 000	65 000
1996	65 000	55 141
1998	65 000	65 000
1999	115 000	(reached in September) 115 000
2000	115 000	(reached in June) 115 000
2001	195 000	(reached in March) 163 200
		(excludes visas for universities and non-profits)
2002	195 000	
2003	195 000	
2004	65 000	

Table 3. **H-1B visas issued by country of origin: 1990-1999**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
China (mainland)	610	1 145	894	1 031	1 256	1 887	2 330	3 214	3 883	5 779
India	2 697	4 102	5 552	7 606	11 301	15 528	19 203	31 686	40 247	55 047
Japan	3 791	5 167	2 767	2 152	2 217	2 070	2 411	2 929	2 878	3 339
Philippines	7 302	7 221	7 550	7 596	8 753	10 026	4 601	2 685	2 758	3 065
France	2 293	2 413	1 686	870	1 003	1 216	1 463	1 894	2 110	2 633
Germany	1 637	1 888	1 501	1 012	1 092	1 484	1 518	2 088	2 242	2 451
UK	7 174	8 794	6 726	3 993	4 230	4 771	5 601	6 928	6 343	6 665
Russia	3 709	3 942	1 651	1 892	1 245	1 196	1 255	1 357	1 395	1 619
Mexico	3 727	3 227	2 488	1 307	1 147	1 451	1 909	2 785	2 320	2 419
Australia	827	1 102	990	863	1 050	1 042	1 123	1 438	1 666	1 651
Subtotal	33 767	39 001	31 805	28 322	33 294	40 671	41 414	57 004	65 842	84 668
Ceiling	65 000	65 000	65 000	65 000	65 000	65 000	65 000	65 000	65 000	115 000

Source: US Department of State, Visa Office.

SKILLED LABOUR MOBILITY: REVIEW OF ISSUES AND EVIDENCE

International Labour Office

Introduction

This is a brief summary report of a research project undertaken by the International Labour Office for the United Kingdom's Department for International Development. Background papers were written on the impact of high skilled mobility from developing countries, general policy responses, specific processes and responses in the United Kingdom; and yet more specifics in eight countries and two regions: Bulgaria, South Africa (and Southern Africa), Argentina and Uruguay, Jamaica (and the Caribbean), India, Philippines, and Sri Lanka. This report summarises the highlights of 12 background papers and suggests major policy directions that developed countries might adopt to manage the flow of skilled workers from developing countries.

Linked processes: globalisation, trade in services, and skilled mobility

During the 1980s, social scientists observed increased movements of skilled workers between developed countries and coined the term "brain exchange."¹ Modern communication and travel have reduced time and cost. Intra-company transfers between countries by employees of transnational corporations are one factor accounting for a greater volume of movement. Migration exchange between global cities is also driven by international recruitment agencies. Brain exchanges are characteristic of all advanced economies, forming one component of the flow of goods, information, and finance that bind countries to one another.

Research on economic development, trade, and highly skilled migration in the newly industrial countries (NICs) during the 1980s suggests three important lessons.² First, two-way skill mobility makes developing economies more attractive to international capital investment. Second, rapid economic growth makes a country more attractive as a destination for both non-nationals and returning nationals. Third, the transformation from a production base to an increasingly service-oriented economy requires an ever-greater mobility of skilled workers if a country is to be competitive in the international trade in services.

At some point in the transition to greater trade in international services developing countries may retain and return skilled migrants: the Republic of Korea, Taiwan (China), Hong Kong (China), and Singapore are such examples. Increases in mobility appear to be intimately tied both to the tertiarisation of labour forces and the importance of services in world trade, especially in developing economies.³ The acceleration of globalisation creates new patterns of international investment and skill

¹ Findlay (2001) and Findlay (1988).

² Findlay et al. (1998).

³ Held et al. (1999).

exchanges. While these trends may have initially benefited developed countries, ready examples exist of developing countries engaging in and benefiting from the international trade in services.⁴

Dimensions of highly-skilled migration

No international system for recording skilled emigration exists. The term “skilled” is often interpreted in the literature in terms of educational attainment. There are two basic ways to measure tertiary educated emigration. “Cumulative loss” measures the percent of all educated persons who were born in a given country, who are now living outside of the country. Figure 1 shows that there are notable differences by region of the world. The percentage loss of tertiary emigrants is greatest for North America; about 15% of all highly skilled persons from this region were outside their country of birth. It shows that population losses among the tertiary educated are substantially greater than those among the secondary educated.

“Educational selectivity” refers only to the population abroad; it measures the percent of emigrants only who have a tertiary education. In the case of most developing countries, it reflects the degree to which emigration is a more attractive option for tertiary educated emigrants. The percentage loss of tertiary skilled persons is far greater than that of secondary schooled persons, while the loss of primary schooled persons is very small (hence not shown). When there are few tertiary educated persons in a sending country, even a moderate number of emigrants can adversely affect that share remaining. Emigration is selective of those who can afford it, are in demand abroad, and who stand to benefit most (the tertiary educated).

Figure 2 shows that Eastern European emigration was the least selective of the regions while African emigration was the most.

Blanket statements about “brain drain” are not warranted, but it also appears that gross volumes of high skilled emigration are great enough to seriously challenge some developing countries.

What are the expected effects of the emigration of the highly-skilled?

Direct: reduction in economic growth

There is considerable evidence that the average level of human capital in a society has positive effects on productivity and growth. Conversely, low average levels of education can slow economic growth, damage the earnings of low-skilled workers, and increase poverty. Since the first order effect of emigration is to reduce human capital, high levels of skilled emigration can be expected to slow economic (GDP) growth and, adversely affect those who remain.

Induced: stimulus to domestic education

The possibility of emigrating to higher wage countries may stimulate persons to pursue higher education in anticipation of pursuing higher paying work abroad. As enrolments increase spurred by the chance of emigration, average human capital increases and, therefore, overall source country growth can be stimulated. If emigration is blocked there is less incentive to pursue education, but an

⁴ Findlay (2001).

excessive level of skilled emigration can deplete the stock of skilled workers faster than it can be regenerated. This suggests that there may be an “optimal level of emigration” that stimulates the pursuit of higher education in developing countries and spurs economic growth.

Remittances and investments

Highly skilled workers may be more likely to invest in their home country. In India, banks market to Indian professionals abroad bonds which are capitalised on the flow of future remittance monies to India. Many developing countries encourage their nationals abroad to open foreign currency accounts with prime rates of exchange and prime/assured interest rates. Such investment vehicles tend to be solely the preserve of highly skilled emigrants.

Technology and knowledge transfer increase growth.

Many observers assert that knowledge or technology transfers are a primary way for developing countries to benefit from high skilled emigrants. Whether emigrants are permanent or a short-to-medium term temporary loss, their backward linkages to their source country can increase the available knowledge and technology that boost productivity. Sometimes expatriates organise networks that stimulate return flows of knowledge and lead to collaborative ventures with home-country researchers.⁵ The Internet has played a key role in this regard. The South African Network of Skills Abroad (SANSA) is one example of an active network with more than 2000 members (Bhorat, et al.).

Briefs on country studies

Bulgaria

Following the collapse of the FSU over 200,000 Bulgarians left, although the numbers today run about 50,000 per year. Tenured academics were among the first to leave, followed now by younger scientists with records of international publication. It appears that only about 20% of emigrants return and they are not “agents of modernisation.” New initiatives promote short-term employment abroad through bilateral agreements with Germany, Switzerland, and many other countries with a strong role played by intermediaries. Skilled workers comprise some of these flows, for example, medical technicians are supplied to Libya (see Beleva and Kotzeva, 2001).

South Africa

The outflow, which began before the fall of apartheid, indicates a loss of about 13% of yearly turnover in professional employment; white and black professionals are involved. At the same time, increasing educational enrolments tend to be in non-scientific fields. Concern is widespread and the skills outflow dampens economic growth. Health professionals and engineers drove a dramatic increase in emigration to New Zealand in the 1990s. Likewise, restrictive immigration policies have created a situation where South Africa provides its neighbours with skilled workers but there is no reciprocal exchange. Contemplated policies to facilitate skilled immigration should change the nation and region’s skill balance (see Bhorat et al., 2001).

⁵ Kaplan (1997) and Brown (2000).

Argentina and Uruguay

Following a scientific golden age in the 1950s and 1960s, Argentina's dictatorship triggered an across the board retrenchment yet to be turned around. Likewise, Uruguay's military dictatorship triggered an estimated loss of one fifth of working persons though the 1980s, about 12% of Uruguay's professionals and technicians are thought to live abroad. There is increasing concern over the loss of highly skilled persons, typically presented as symptomatic of political failure and one of the lowest R&D expenditures in Latin America. Policy responses include support by the Inter-American Development Bank in improving the infrastructure of research institutions. In both countries national commissions for return were created, in Uruguay these policies were partly funded by the International Organisation for Migration. Both countries have active expatriate organisations (see Pellegrino, 2001).

Jamaica and the Caribbean

The 1962 British Commonwealth Act shifted emigration to North America. One quarter of today's outflow to the USA is professional, technical, and kindred workers in their most productive ages. Emigration accelerated in the 1990s. Simultaneously, return of low-skill UK retirees increased, as did non-Jamaican immigration three quarters of which is highly skilled. Still, there is a shortage of skilled workers. Two-thirds of Jamaica's nurses emigrated over the past two decades and few return, in their place Cuban nurses are recruited. Feedback effects are few, e.g., remittances are uncertain and their most favourable impact is to stimulate house building. While public opinion tends to marry a favourable view to the inevitability of skilled outflows, the "brain drain" fuels negative perceptions of the region's future. Policies have included readily accessible job information, tax concessions, and recruitment efforts including a short-lived IOM program to return expatriates (see Thomas-Hope, 2001).

Mexico

Renowned as an exporter of low skilled labour to the United States, Mexico in 1990 was also the world's third largest exporter of tertiary educated migrants. Ten percent of Mexico's tertiary population, but fully 30% of its scientific and engineering educated resided abroad. A major recipient of worker remittances, research nonetheless finds that educated Mexican emigrants in the United States have a lower likelihood of remitting than their less educated countrymen. Furthermore, the national GDP multiplier effects of remittances are less for the urban areas from which highly skilled emigrants come. Mexico has a number of programs that capitalise on remittances including federal, state, and local matching fund programs for development projects. It also forgives student loans for Mexicans who study abroad but who then return and work in Mexico (see Verhaal, 2001).

Philippines

Contract labour migration is largely to the Middle East and East Asia, while permanent emigration tends to go to North America. Four tenths of the permanent outflow is college educated, and their numbers exceed the net change of skilled workers in country. Highly skilled workers face high rates of unemployment and there is evidence that young college educated emigrants are selected from those with experience and high productivity. Domestic educational systems are responsive to global demand; witness a strong increase in graduates with IT degrees. It is estimated that 30 to 50% of information technology workers emigrate and 60% of physicians. Changes in the global economy may help address the brain drain: the IT sector has just started in the Philippines, financial markets

have been liberalised, regional co-operation has improved, and there is a hope of reverse migration. The later may be abetted by greater connectivity through the internet (see Albuero and Abella, 2001).

India

India has long been an important player in the global supply of professionals and students. India has geared up quickly to meet hot demand in information technology (IT) producing some 120,000 graduates a year with plans to double in the future. Yet, there is an “anticipatory theory” that forecasts adverse long-term impacts from the export of IT workers where projected Indian shortages are greater than the forecast production of IT workers. Research on specific sectors, e.g., medicine and engineering, raise concerns about adverse effects. The government perceives little problem with these trends, but the media decries the “brain drain.” Memorandum of understanding on student and academic exchange are an important way of addressing these issues (see Khadria, 2001).

Sri Lanka

Sri Lanka has become a labour exporting country and about one quarter of all households have a family member who has migrated for employment or to reside abroad. Since the 1980s there have been large temporary contract flows to Middle Eastern destinations, as well as more permanent emigration to Western Europe and North America in the 1990s. Academically qualified professionals comprise between one-quarter and one-third of the outflow. One result appears to be increased enrolments in higher education; indeed there is overproduction for domestic markets, although shortages exist in medical fields. Further, low public/private sector wages do not encourage return. Policies to foster return include foreign currency banking accounts and tax breaks, though it is believed that high skilled emigrants tend not to remit (see Korale, 2001).

Summary of general findings from case studies

- A large degree of skilled emigration with little return or foreign skills exchange, especially in the face of domestic labour shortages, is generally taken to indicate that a “brain drain” is taking place. Concern is expressed in the Philippines that the best and the brightest dominate the permanent outflow, leaving behind lesser-qualified workers. The South African study, as well as that on Argentina, however suggests that perhaps half of its educated emigrant outflow will *ultimately* return. But it is observed that the least qualified of the emigrants return and contribute little to economic vitality. In Jamaica, a large wave of returnees to the island in the last decades came only to retire.
- Most of the studies do not marshal clear evidence that their diasporas contribute in significant ways to domestic economic growth.
- As a stimulus to domestic education, skilled emigration plays an uncertain role. In the Philippines a globally responsive educational system churns out more graduates; yet, the 39% of its emigrants who are professionals outstrip the net change in domestic skill levels. Nevertheless, unemployment rates in many skilled fields remains high. In South Africa most significant increases in tertiary enrolments during the past decade were in fields with little demand such as Philosophy or Languages, not in the sciences. In Sri Lanka, free education has increased scientific enrolments over twofold in the past decade, but domestic demand cannot absorb them and unemployment is high. By

contrast, India is a real powerhouse, responding to global demand for information technology (IT) workers and turning out some 70-85,000 software engineers and 45,000 IT graduates with government plans to treble those numbers by 2002. But even so forecasts are for a domestic IT labour shortage.

- In India there appears to be an increasing investment in rural places by returnees and foreign entrepreneurs in high technology industries.
- Academic feedback into research and development are also important.
- On conditions under which diasporas and global linkages boost economic growth, differences between national experiences may well be as great as their commonalities. While they establish a reason for concern about adverse effects of skilled emigration, the case studies also point to a diversity of expectations about the future.

Trends in major classes of skilled mobility

The international mobility of highly skilled workers is likely to increase in the future because of faster and cheaper transportation, faster and cheaper information, expansion of global labour markets, shortages of highly educated workers in the information-age economies, the ageing of the workforce in developed economies, just-in-time demand from industries eager to get on the front of technology curves, and so on.⁶ These trends are particularly salient considering other trends: enrolment rates in higher education are likely to continue to rise around the world (and especially in developing countries); and the centripetal forces of globalisation drive, in part, strong pressures to liberalise human capital flows to match the increased liberalisation of trade and international capital flows. But while one can confidently forecast increasing volumes of international mobility, it is remarkably difficult to forecast with accuracy specific patterns of international mobility or their impact. In the first place, different types of migrants are found in different types of labour markets, e.g., the “internal” labour markets of transnational corporations shaped by globalisation and corporate strategies; or the “open” labour markets shaped by forces of supply and demand in both developed and developing countries. In the second place, the crosscutting consequence of different types of labour markets, lags in supply and demand, and institutional failures in education or training, means that much of the impact of skilled migration may be limited to specific occupations.

Supplying transnational corporations and short-term labour shortages

It is likely that there will be an increase in business class mobility in the short to medium term. Transnational companies have most labour-intensive production and service work located in branches in developing countries, but a need for highly skilled labour in the capital cities of the developed world and at their sites overseas. Companies are clamouring for more control and flexibility in managing skilled labour flows between sites of their global organisation. Within the OECD countries in recent years business migration appears to be increasingly dominated by short-term stays. Ease of movement for intra-company transferees is generally in the interest of the developing countries where transnationals are situated. Over the medium to long run, furthermore, transnational companies may begin to groom and hire local managers. As transnational businesses mature, and the

⁶ Glover et al. (2000) and Martin (2000b).

pool of internationally experienced skilled workers increases, business may seek other ways to reduce their costs.

At the same time, the growing specialisation of global labour markets means that as new industries and service activities emerge within the “new economy,” so too will the demand to source skills quickly and efficiently to allow for the development and expansion of cutting-edge sectors in the open labour market. The most recent example is the demand for information technology (IT) specialists that has seen India emerge as a major global supplier of skilled labour for the world’s IT industries.

However, problems in developed countries in meeting demand for certain workers in the short to medium term often has less to do with demand from newly evolving occupations; and much to do with inflexibility of domestic conditions of supply. Shortages of a domestic supply of specialised workers frequently reflect difficulties with staff retention, as well as under-investment in training. And deeply entrenched problems of producing medical workers, along with markets in inner cities, etc., where natives decline to work, have generated an long ongoing demand for workers in developed countries’ health care industries.

Impact of skilled emigrants on specific occupations

There is likely to be a positive outcome when policies facilitate the movement of foreign workers in specific occupations that face supply and demand bottlenecks over the short run. However, over the longer term reliance on high volumes of foreign workers in specific occupations hinders the labour market adjustment that might otherwise occur in developed countries. Ongoing supplies of foreign workers may retard growth in the domestic supply of labour.

High skilled emigration affects specific occupations within a country, and/or certain groups of countries that are closely linked by flows of highly skilled migration. Consider the experience of Jamaican nurses.⁸ The United Kingdom was the major destination until the 1970s. Since then the United States and Canada have become the major destinations. At the same time, the number of nurses in Jamaica dropped from 3,000 to 1,000 in the late 1980s. Efforts to replace the loss with training programs have yet to fully succeed as young nurse graduates stay only long enough to pay off their government bonds and rarely return. Jamaica has turned instead to recruiting Cuban nurses, but has increased the number of nurses to only 2,000. South Africa’s emigration losses are intimately tied up with the United Kingdom. For historical reasons there are an estimated 800,000 South Africans who hold British passports. The United Kingdom has always been a very popular destination for skilled emigrants as many of the international finance, investment, and trade links of South Africa are nested within London’s sphere of global influence.⁹

New patterns of recruitment will likely emerge as international recruitment agencies seek for a “global reach.”¹⁰ This may lead them to shop for skills for the United Kingdom in new locations, for example nurses from the Philippines, even if no previous migration link exists. It is not hard to demonstrate that the United Kingdom’s experience is not unique. Over the last few years highly skilled migration to many other developed countries has reached unprecedented levels.¹¹ Competition

⁷ Rothboeck (2001).

⁸ Thomas-Hope (2001).

⁹ Boyle et al. (1996).

¹⁰ Boyle et al. (1996).

¹¹ OECD (2000).

for skilled workers in a global economy will combine to further the movement of highly skilled workers from developing to developed countries.

Policy responses to highly skilled mobility

In both developed and developing countries there is a range of policies that are pursued in response to the emigration of highly skilled workers. A darling of the 1970s, *reparation* for the direct loss through a “brain drain tax” has long since been abandoned. *Restrictive* exit policies touch on the rights of the individual international migrant and are largely counter productive. There are *recruitment* policies that are pursued by some countries to bring in foreign workers to increase the nation’s human capital, while for others recruitment policies are export policies where developing countries choose to train workers to work in international markets, to export skills. There are also positive policies to *return* expatriates which have sound objectives but are difficult to achieve. The International Organisation for Migration’s return of talent program is a significant contribution to the attempt.

Since many are likely to remain abroad, some countries pursue instead what may be called *resourcing* policies. These rely mainly on the creation of expatriate networks that return knowledge to the home country, e.g., that facilitate the transfer of technology. To date, most expatriate networks are autonomously founded and there may be a role for the expanded involvement of both source and receiving countries. Further, *remittances* are a significant source of income for developing countries. Outreach to skilled expatriates can take advantage of the greater likelihood that they will save in foreign currency accounts in the home country, invest in remittance backed bonds, or invest in entrepreneurial activities when incentives such as reduced tariffs or income tax breaks are offered.

Grand policies of *retention* are likely to be the best long run response to high volumes of high skilled out migration. To be sure, in the short term development can actually lead to increases in emigration, but over the long term this is the best way to reduce wage differentials and conditions that lead to high levels of skilled emigration. The most active policies continue to be academic ventures based on regional and international cooperation where receiving countries play an active role. Additionally, many developing countries have individually, or in the context of regional accords, targeted ICT development as a means of getting on the information-age bandwagon. Such projects promise to be a fruitful way of stimulating economic growth and reducing permanent out migration of highly educated natives.

What migration policies are needed in a global economy

Migration policies that facilitate the demands of a modern economy can be to the benefit both of receiving countries as well as developing countries.¹² The balancing act comes in devising policies that facilitate not by making everything “easy to do,” but by managing the process in a way that protects domestic labour markets and the economic interests of developing countries.

- Immigration policies that are flexible, efficient, and transparent. They permit increased supplies of foreign workers when demand is high, but restricts access to foreign workers when demand is down. It protects domestic labour markets. *Efficient* migration policy delivers a foreign worker for a job in a process that is speedy and the paperwork should be minimal. It meets employers’ labour demand. Transparent policy delivers clearly defined promises: migrants and employers must know their obligations and be held

¹² Glover (2001).

responsible, there should be no hidden costs or ways to game the system, and the likely transition to permanent resident status (or not) should be clear at the outset.

- There are a number of policy options developed countries could adopt that could help to protect the interests of developing countries. Primary among these is the encouragement of return migration,¹³ but there are complementary options including restrictions on recruitment, establishing good practices, and regulating recruitment agencies. There is clear evidence that the longer a migrant worker stays abroad the lower the chance that they will return to their place of origin during their working life. Equally, it seems highly probable that most skilled migrants receive the maximum benefit from their work experience, new skills acquisition and career development, in the first few months if not years of a foreign work placement.
- Receiving nations in consultation with key source countries could identify countries that are most vulnerable to skill losses taking into account sectoral strengths and weaknesses.
- Less heavy-handed and reliant on inexact statistical forecasts, is to issue work visas with the clear message that return is required after a given period of stay. One example of such a visa is the U.S. “cultural exchange” visa (J) issued for varied duration of stay to work in health care; research and development; summer programs; and other work for the purpose of fostering international exchange and experience.
- International recruitment agencies are widely used to source staff from developing countries. Since many abuses characterise recruitment in some regions, there is a need to set ethical guidelines in recruitment. The UK Department of Health of Guidelines on the International Recruitment of Nurses produced in 1999 is an example of good practice. An accreditation system could be introduced for international recruitment agencies.
 - Protecting foreign workers in the developed economies is the right thing to do and integral to protecting the domestic labour force.
 - Return programs include *active* ones (IOM’s program of return that funds the expatriate family’s return and helps establish them in their home country), or *information-based* approaches which require the least economic or political capital. The Internet’s role has increased over the past decade and governments are creating internationally assessable job databanks in an attempt to help expatriates learn of opportunities at their origin. Malaysia, Thailand, and South Africa have online job listings. Industry information and economic performance are given to familiarise the expatriate with conditions at home.
- Many emigrant workers are reluctant to return to their developing country if they give up the right to return to work or reside in their newly adopted developed country. However, if they retain residency rights they can safely return to their origin. Advocates of dual nationality or citizenship argue it encourages return and circular movement. Other options would be to permit foreign workers to return home for periods of several years while still retaining the right to exercise an option to once again work in the developed country at some point.

¹³

UNESCO (1998).

- *Bilateral and regional agreements* on worker mobility permit authorities in developed countries to liaise directly with those governments in developing countries wishing to temporarily export highly skilled workers whom they either see as surplus to their infrastructural needs, or persons whom sending governments have identified as candidates whose skills could be enhanced through working in a particular educational field abroad. Agreements can stipulate that foreign-worker training in skills appropriate to the needs of the developing country be part of an integrated program.

GATS trade in services

The GATS agreement from the Uruguay round represents the first multilateral and legally enforceable agreement on the international trade in services. It holds as its central objective the progressive liberalisation of trade in services. Any developing countries having a natural advantage in inexpensive high quality labour, liberalisation of the international trade in services should provide them a major opportunity. Yet, restrictions by developed countries are greatest in the very activities in which developing countries have the strongest comparative advantage. This applies in particular to that part of GATS on the trade of services through the movement of labour.¹⁴ Further, developed countries have more commitments in GATS under modes of (1) cross-border supply, (2) consumption in the territory of the supplier, and (3) commercial presence abroad; while developing countries have more commitments to (4) the delivery of services abroad. For example, the Philippines, Thailand, China, and Brunei are good examples of countries that have more commitments under GATS Delivery of services by natural persons abroad. In contrast, Australia and Canada have significantly more commitments to liberalisation of services through the mode of commercial presence than through the movement of persons. The International Labour Organisation (ILO) and the GATS share the responsibility for drawing up a code of conduct for dealing with foreign workers.

Development assistance and education

The support and development of education at all levels is certainly one of the best ways to offset brain drain. In the short run, the developing country increases its domestic supply and banks on many of its newly educated citizens staying in country. Over the longer run, education and training bolsters the endogenous stock of human capital and creates opportunities that help retain would-be emigrants. There are conflicting conclusions about the value of emphasising primary/secondary or tertiary education to offset skilled emigration. Source countries that improve their tertiary educational institutions may unwittingly increase the rate of loss as their nationals are better prepared to compete in industrial and information economies. Investments in primary education may actually yield more benefits, raising the average level of human capital more effectively.¹⁵ Many poor countries under-invest in education and so there is a strong case for prioritising primary and secondary education. Yet, if higher education is short-changed the best and brightest students having benefited from basic education may have little opportunity for higher education other than going abroad. The tradeoffs are difficult to generalise and each nation needs to weigh the critical need for universal primary/secondary education against the current and projected stock of tertiary students.

¹⁴ Findlay and Warren (2000).

¹⁵ Haque and Kahn (1997); Haque and Kim (1995).

Strengthening institutions and human rights

Highly educated individuals are particularly prone to leave countries when their security and their professional integrity are at risk. The intellectual class is often singled out in oppressive political regimes. Such examples amply demonstrate that personal safety, right to legal redress, and human rights are often a key factor that impels high skilled emigration in particular. Many developing countries have fully developed judicial systems and a strong civil society, but others do not have fully operating judicial or legal systems that foster individual rights. International efforts to improve the mechanisms that promote protection of human rights are one influence that will encourage highly skilled migrants to stay and contribute.¹⁶

Targeted economic development

Some developing nations target specific industries or projects for economic development. Consider the interest of many developing nations in capitalising on the information technologies that take advantage of highly educated workers. As of 1998, there were on average 1.6 Internet users for every 100 citizens in the world, compared with usage rates among citizens in just the developed portion of between 10 and 20% or better. Clearly, there is a digital divide and developing countries require infrastructure development and knowledge to develop the potential of the Internet revolution.¹⁷ At a recent ASEAN (Association of Southeast Asian Nations) summit, heads of state signed the e-ASEAN Framework Agreement that sets out a plan to speed up economic integration through the Internet. There is discussion of the creation of a regional ICT environment to reverse the region's brain drain, to hold on to available workers in the face of a regional shortage for ICT workers.¹⁸ These investment strategies offer one way to retain highly skilled workers, they stimulate demand for tertiary education, they can boost economic growth that benefits everyone, and by bridging the digital divide they create opportunities for the entire populace.

Conclusion

Globalisation has many complex effects on migration that directly influence future trends in skilled migration from the developing world. First is the increasing importance of the global organisation of production and service activity.¹⁹ Demographic and economic trends in the developed countries are likely to lead to increased numbers of skilled immigrant admissions. In fact, it is likely that various national policies will combine to further the movement of highly skilled workers from developing to developed countries. One thing most experts agree upon: developed countries stand to benefit from the contributions of highly educated foreign workers. Having accepted the principle of opening markets to trade, and the belief that all parties win in an open regime, policymakers are more likely to listen than in the past to those who urge more liberal regimes of international mobility.²⁰

These current events raise the spectre of developing countries losing substantial fractions of their educated workforce. What damage will this incur? Will the feedback loops from high skilled emigration return some benefits that offset and even boost emigrant-source country development? Despite three decades of discussion, there are no well-calibrated measures of whether or not a "brain

¹⁶ Martin (2000a).

¹⁷ Slowinski (1998).

¹⁸ Xinhua General News Service (2001).

¹⁹ Salt and Findlay (1989); Findlay et al. (1996).

²⁰ Chang (1997) and Staubhaar (2000).

drain” is occurring. Even more problematic to sweeping statements about skilled emigration, it seems clear that true long-term detrimental effects are unique to particular countries where the situation abets the fundamental problems that led to the skilled emigration in the first place. Whether or not there are significant adverse effects may depend on the degree to which source country wages are flexible, and this may even vary by occupational categories. In short, institutional factors mean that the direct effect of skilled emigration needs to be evaluated on a case-by-case basis.

Developed countries should facilitate the movement of highly skilled foreign workers while implementing policies that address possible brain drain effects. This report has mentioned several that would be part of a developed nation’s immigrant admission policy regime. Policies that clearly define temporary status and encourage return are key, as are those that attempt to avoid recruitment from sectors and nations identified as being at risk of brain drain. Otherwise, taking advantage of a skilled diaspora falls most directly in the kit bag of developing country policies, but developed countries can readily aid diaspora projects. Likewise, developed countries can help develop human capital with targeted policies on education and training, scholarly exchange, and integration in information, communications, and technology.

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Figure 1. Cumulative percentage loss of tertiary and secondary educated in OECD by source region, 1990

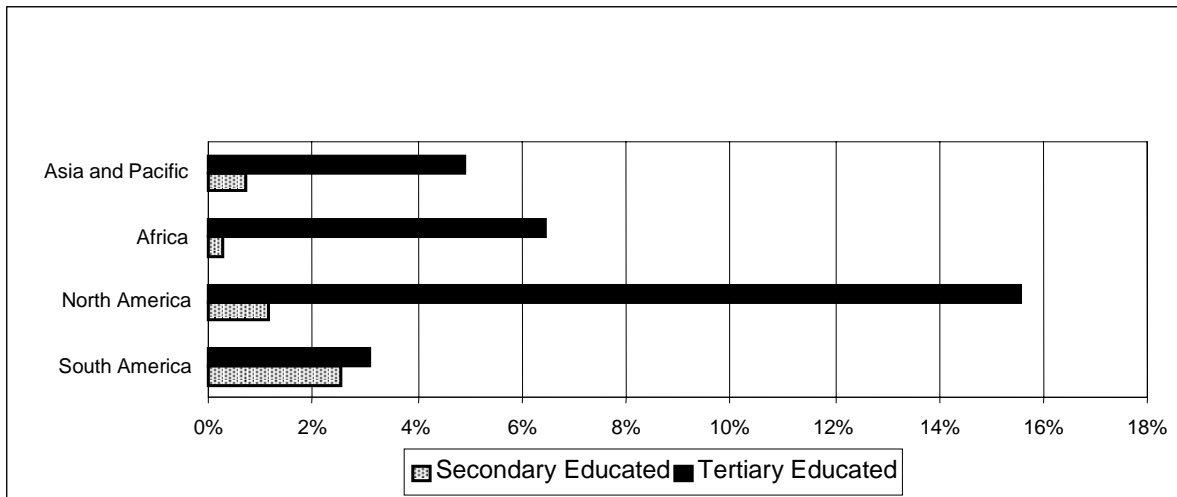
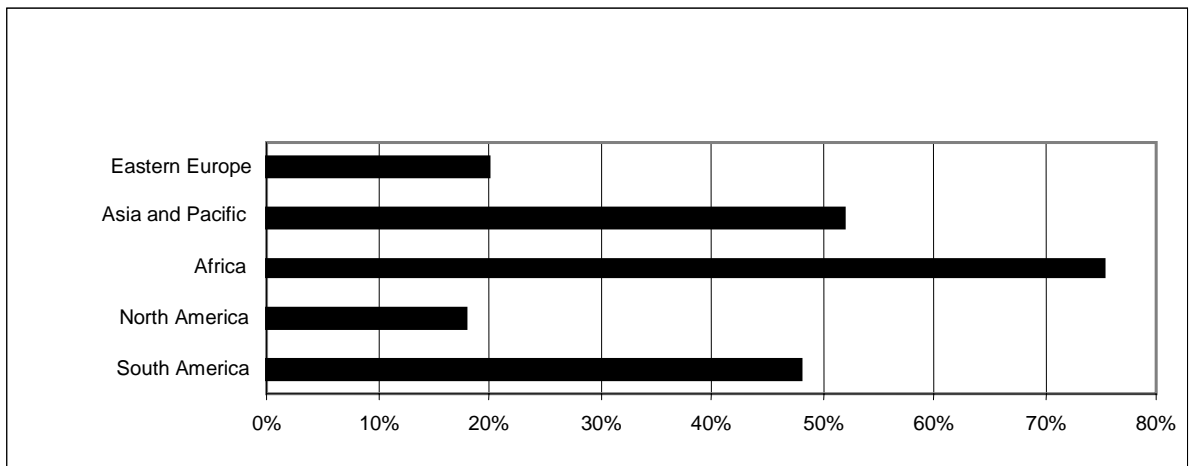


Figure 2. Tertiary educational selectivity of emigrant stock by source region, 1990 or nearest date



PART II

COUNTRY STUDIES

AUSTRALIA

by

Graeme Hugo

The National Key Centre for Social Applications of Geographical Information Systems (GISCA)
Adelaide University, Australia

Australia differs significantly from most other Asian countries with respect to its international migration experience. In particular, Australia has an extended history of an immigration program managed by the federal government and which has focussed for most of its history on the encouragement of permanent settlement of families. While there has long been provision for workers in specialised areas to enter Australia on a temporary basis, this situation has changed somewhat in recent years (Hugo, 1999a; Birrell, 1999; Birrell and Healy, 1997) with greater provision being made for non-permanent migration of workers in the immigration program. Australia is one of the few countries in the region, however, that has had, and is likely to continue to have, a sustained official program of attracting migrants to settle in Australia, albeit on a planned and selective basis. It also is one of the countries in the region most affected by migration with 23.4% of its resident population in 1996 being born overseas, 24.9% of its work-force being overseas-born and 19.2% of its population being Australia-born but having at least one of their parents born overseas.

The last decade has seen a major increase in both the scale and complexity of international population movements. The proportion of the global population for whom international movement is part of their calculus of choice as they examine their life chances has increased massively. The constellation of forces driving movement between countries are different and the context in which migration is occurring has been transformed in both origin and destination countries. A quarter century ago relatively few countries were influenced in a major way by international migration. Now a majority of the world's nations are so affected. Australia was one of a handful of the so-called traditional migration countries (along with the US, Canada, New Zealand and Israel) which drew the bulk of their immigrants from Europe in the three decades following World War II. Overwhelmingly the main type of international population movement was of more or less permanent migration involving settlement in the destination country. In the contemporary situation the drivers of international migration have changed and as a result the international population movement influencing Australia has changed dramatically. Temporary migrations are much more influential, Australian international movement has greatly increased in scale and complexity, movement to and from Australia is much more to and from the Asian region than before and Australia, like other centres, is being increasingly affected by undocumented migration.

Australia has excellent international migration information both with respect to stock and flow information. The quinquennial population censuses contain a series of questions which relate to the overseas-born population of the nation and their descendants. The Department of Immigration and Multicultural Affairs (DIMA) and the Australian Bureau of Statistics maintain detailed computerised information systems on arrivals to and departures from Australia and there are several databases relating to them. Moreover, DIMA funds a Longitudinal Survey of Immigrants arriving in Australia (LSIA). A summary of recent patterns of immigration to and emigration from Australia utilising these data sets are presented in Section Three of this paper. A separate special section is devoted to a consideration of recent developments concerning highly skilled workers which is the special session

theme for the 2002 meeting. A final section discusses the policy making process in Australia with respect to immigration. Before undertaking this analysis, however, a short summary of the contemporary Australian labour market situation is undertaken.

This is the third in a series of papers on the Australian international migration situation prepared by the present author (see Hugo, 2000, 2001a). It is necessary to make a number of particular comments regarding data for the 2002 report. Firstly, the Department of Immigration has experienced considerable delays in processing data in its Movements Database (MDB) which incorporates information supplied in the arrival and departure cards, which all persons leaving or coming to Australia have to complete. There has been a change to a new fully electronic system and this has led to delays in the processing of the information. Accordingly, the latest data available are for July 2000 and 2000-01 data will not be available until well into 2002.¹ Hence our ability here to update several of the tables in the paper from the 2001 paper is restricted. Moreover, Australia conducted a Census of Population and Housing on 7 August 2001. No data have yet been made available for that census so reliance here is on the results of the 1996 census. Most of the relevant 2001 census data will be made available during the course of 2002.

Domestic economy and labour market

Australia has experienced an extended period of economic growth since the recession of 1990-91 with an average annual growth of 3.5% over 1990-95, 4.2 in 1996, 3.7 in 1997, 4.5 in 1998, 5.3 in 1999 and a continuation of growth around 4.3% occurred in 2000. In line with global recession in 2001 the Australian GNP grew by less than half the 2000 level (around 1.8%). Nevertheless, it remained one of the fastest growing economies among the OECD nations. Australia is a developed market economy dominated by its services sector which accounts for around two-thirds of GDP. Its agriculture and mining sectors account for only 7% of GDP but 57% of exports of goods and services. The relative size of its manufacturing sector has declined over the last three decades and now accounts for only around 12% of GDP.

The second half of the 1990s has seen Australia's economy not experience as substantial a negative impact from the Asian economic crisis as was anticipated. Strong economic growth was maintained and exports to non-Asian markets increased to compensate for decreases in exports to Asia. The balance on current account in 2000-01 was in a deficit of A\$18.6 billion or around -3% of GDP. GDP per capita increased from A\$28,594 in 1995-96 to 30,338 in 1997-98, 32,539 in 1999-2000 and 33,282 in 2001. Inflation rates in Australia have been low in recent years, at just below 2% per annum but the rate rose to 3.2% in the year ending 30 June 2000 and to 6.0 by mid 2001. The index of hourly wage rates increased by 3.2% in 1998-99, 2.9% in 1999-2000 and 3.4 in 2000-01. The largest increases occurred in construction (4.3%) and property and business services (4.3%) and the lowest in retail trade (2.6%). The highest increases were for professionals (3.8%) and the lowest for intermediate clerical and service workers (3.1%) and labourers and related workers (also 3.1%).

In the strong Australian economic performance since the mid-1990s a stubborn problem has been the high level of unemployment which was at 8.1% in 1995, 8.5 in 1996 and 8.4 in 1997. However, in 1998 it fell to 7.9% and thereafter fell to 7% in 1999 and 6.2% in 2000. It has thereafter steadied and rose slightly to 6.6% in 2001.

The most recent available figure for the total Australian population is 19,386,700 (for 30 June 2001). This represents 0.32% of the global population and it is the 53rd largest country in the

¹ In fact, data for July to December 2001 will be made available before that of 2000-01.

world by population. Global population growth has slowed down from a peak of 2.04% between 1965 and 1970 to 1.33% per annum presently as a result of massive reductions in fertility in the less developed countries (LDCs), and to a lesser extent, the more developed countries (MDCs). Accordingly, Table 1 shows that LDC populations are growing at 1.7% per annum and MDCs at 0.3% per annum and that Australia's current rate of population growth (1.2% in 2000-01) is slightly lower than global average levels of growth and well above the growth rates in Europe, North America and MDCs as a whole.

It is important to dispel the myth that Australia's population is static or declining in numbers. The higher rate of growth of the Australian population compared to comparable MDCs is a function of:

- A higher level of immigration than many OECD nations.
- A higher level of fertility than many such nations.
- A somewhat younger age structure than those nations.

However, these elements have changed significantly in recent years and can be expected to change further over the next decade.

In August 2000 the Australian Bureau of Statistics (ABS 2000a) released its latest population projections. These projections had a standard mortality assumption, three overseas migration, three internal migration and two fertility assumptions. Of the possible 18 combinations, three series were analysed in detail:

- | | | |
|------------|---|---|
| Series I | - | A Total Fertility Rate remaining at 1.75 throughout the projection period |
| | - | Net overseas migration of 110 000 per year |
| Series II | - | TFR as above |
| | - | Net overseas migration of 90 000 per year |
| Series III | - | A TFR declining to 1.6 in 2008 and then remaining constant |
| | - | Net overseas migration of 70 000 per year |

These projections despite the variations are based very heavily on the Australian experience of the first half of the 1990s. The projections simply take this experience and project it forward into the next half century. They must not be interpreted as predictions. Nevertheless, it is indicative to look at the results of the projections in the context of the ageing of the population.

Table 2 summarises the main results of the projections. They see Australia's population growing to between 19.41 million and 19.44 million in 2001, 21.06 million and 21.7 million in 2011, 22.44 million and 23.88 million in 2021 and 24.06 million and 28.19 million in 2051. What do the projections mean for ageing?

For Australia we will go from a current median age of 34.9 to between 38.1 and 38.7 in 2011, 40.3 and 41.5 in 2021 and 43.6 and 46.5 in 2051. The proportion aged 65 and above will rise

from the present level of 12.2% to between 14.0 and 14.4% in 2011, 17.8 and 18.7% in 2021 and 24.2 and 26.7% in 2051.

Population growth in Australia has contributed positively to the growth of the labour force over the 1990s as Table 3 indicates. However, it is clear that there have been decreases in participation rates in several years of the 1990s, especially for males. Overall participation rates for males have been declining and by 1999-2000 had reached 72.6% while that for females has increased to 54.5%.

The nation's contemporary labour force situation in Australia is depicted in Table 4 and it is clear that there has been a steady increase in the numbers of males and females employed. Unemployment levels fell in the late 1990s but were stuck between 8 and 9% between 1994 and 1998. However, in 1999-2000 there has been a significant fall in the unemployment level and it fell below 7% for the first time for more than a decade. The underemployment situation in Australia, depicted in Table 5, indicates that of the 9,138,200 employed persons aged 15 years and over in Australia in September 2000, more than one-fifth (21.6%) worked part-time. However, only 3% (269,700) worked part-time but wanted to work full-time and 0.5% (42,500) usually worked full-time but were working part-time for economic reasons. Of all those wanting to work full-time among part-time workers, 53.9% were female.

The industry distribution of the Australian labour force is presented in Table 6. This indicates that only 5.8% of Australians work in the primary sector – 4.9% in agriculture and 0.9% in mining. This reflects a long-term decline in the relative significance of primary sector employment. A decade earlier 5.8% worked in agriculture and 1.3% in mining. However, after decades of reductions in overall employment in agriculture the 1990s has seen a stabilisation of the numbers. Manufacturing accounted for 12.5% of employment and again the sector has been experiencing a relative decline in its share of employment since the 1970s. In 1988, 16.4% of workers were in the sector and there has been an absolute decline in manufacturing workers. Hence more than four-fifths of Australian workers are in the services sector.

International migration and Australia

The stock of international migrants in Australia

The numbers of foreign-born persons in Australia was estimated to be 4 517 3 in June 2000 (ABS 2001d) or 23.6% of the total population. The most complete picture of the overseas-born population, however, is available from the 1996 Australian Census of Population and Housing (Hugo 1999b) and the analysis of characteristics of the overseas-born presented here is predominantly drawn from this source. Nevertheless, it is useful to examine the main origins of overseas-born groups in Australia and recent trends in their growth. One of the distinctive characteristics of Australia's immigrant intake is that no single birthplace tends to dominate that intake. Moreover, over the post-war period there have been a series of waves in which particular groups have made up a major part of the intake but then their numbers are substantially reduced and a new group become dominant. Underlying these waves has been a substantial flow from the United Kingdom but its significance has declined in recent years. Accordingly there are around 100 different birthplace groups who have more than 1000 residents in Australia. The numbers in 150 different birthplace groups are listed in Appendix A.

Table 7 shows the recent patterns of change in the overseas-born population of Australia. It will be noted that Europe and the former USSR account for 53.2% of the Australian overseas-born and 26.9% were born in the United Kingdom and Ireland. However, it will be noted that the former group

increased by only 0.01% per annum between 1994 and 2000 and the UK-Ireland group declined by 0.10% per annum. On the other hand, the groups from Southeast Asia, Northeast Asia and Southern Asia grew by 3.3, 4.2 and 6.2% per annum respectively over this period. Hence the proportion of the Australian population born in Asia has increased from 1.85% (271,000 persons) in 1981 to 5.6% (1,077,900 persons) in 1999 (Hugo 1992; ABS 2001d). Hence a substantial change is occurring in the background of migrants settling in Australia.

It is difficult to generalise about the labour force and other characteristics of immigrants in Australia since there is enormous diversity in the group. There are important differences according to the background of the migrants, the length of time they have been in Australia, etc.

Nevertheless, Table 8 shows some of the main differences between the total Australia-born and overseas-born populations at the 1996 census. It will be noticed that there is little difference in the occupational structures of the two groups. There is a higher proportion of the overseas-born unemployed than is the case for the Australia-born while there are slightly more in the lowest income category. They are somewhat older on average and a higher proportion is male. A higher proportion has university qualifications and a slightly smaller percentage own or are purchasing their own homes. However, these percentages for the overseas-born mask a considerable degree of diversity between and within different birthplace groups.

Recent trends in settler migration in Australia

Australia recognises the following categories of international population movement for statistical purposes:

- Permanent movement - persons migrating to Australia and residents departing permanently.
- Long-term movement - visitors arriving and residents departing temporarily with the intention to stay in Australia or abroad for twelve months or more, and the departure of visitors and the return of residents who had stayed in Australia or abroad for twelve months or more.
- Short-term movement - travellers whose intended or actual stay in Australia or abroad is less than twelve months.

It is clear, however, that:

1. This depends upon the intentions of movers and it is clear that these intentions change over time so that there is significant 'category jumping'.
2. There are, in fact, visa categories for entry into Australia which overlap these categories. For example, holders of Temporary Business Entrants visas may stay in Australia for periods of up to four years and hence overlap the short-term and long-term movement categories.

It is important to realise that people who enter Australia under its *Migration Program* are only one component of the contribution made by international migration to Australia's population growth. The other elements are:

- New Zealand migration which refers to the arrival of New Zealanders under the Trans-Tasman Travel Agreement.
- Long-term visitors to the country.
- Emigration of residents.
- Category jumping.

However, the Migration Program operates within set planning levels and is made up of humanitarian and non-humanitarian programs. The former involves:

- *The Refugee Program* which provides protection for people outside their country fleeing persecution.
- *Special Humanitarian Programs* (SHP) which comprise the In-country Special Humanitarian Program for people suffering persecution within their own country, and the Global Special Humanitarian Program for people who have left their country because of significant discrimination amounting to a gross violation of human rights.
- *The Special Assistance Category* (SAC) which embraces groups determined by the Minister for Immigration and Multicultural Affairs to be of special concern to Australia and in real need, but who do not fit within traditional humanitarian categories. This program also assists those internally and externally displaced people who have close family links in Australia.

A new category in the humanitarian program in recent years is the Temporary Protection Visa (TPV). These were introduced in October 1999 and are granted to most of the asylum seekers who enter Australia unlawfully and who are assessed as meeting the requirements for refugee status. This is in contrast to those refugees who settle in Australia under the three traditional categories listed above, and Table 9 shows the substantial differences between the two groups in rights and access to services. The government maintains that this differentiation acts as a deterrent to undocumented immigrant arrivals, while critics argue that the creation of two classes of refugees is unfair and not within the spirit of the 1950 Convention (Mares 2001, 24-25). A later section discusses the marked increase in the number of asylum seekers arriving in Australia by boat or plane without documentation. Table 10 shows the numbers of TPVs granted to asylum seekers arriving in Australia over the 1999-2001 period.

Within the non-humanitarian part of the Program there are three main components summarised in Table 9.

Within the Migration Program itself, some components, i.e. Business Skills, Employer Nominated Scheme (ENS), Distinguished Talent, Spouses and Dependent Children are demand driven and not subject to capping. Increases in demand for these visas, beyond planned levels, are compensated by reductions in other program components, i.e. Independent and Skilled-Australian Linked, Parents, Fiancés and Inter-dependants.

There are three main eligibility migration categories in the Migration Program - Family, Skill and Special Eligibility. *Family Migration* consists of a number of categories under which a potential migrant can be sponsored by a relative who is an Australian citizen or permanent resident of

Australia. For statistical purposes the various Family Migration classes and sub-classes were grouped in the following categories up to 1996-97:

Preferential

- Spouse
- Prospective marriage
- Child
- Adoption
- Parent (meeting the balance of family test)
- Aged dependent relative
- Remaining relative
- Orphan relative
- Special need relative

Concessional

- Non-dependent child
- Non-dependent brother or sister
- Non-dependent niece or nephew
- Parent of working age not meeting the balance of family test

The composition of Family and Skill streams changed on 1 July 1997 when the points tested Concessional Family category moved from the Family Stream to the Skill stream, and was re-named 'Skilled-Australian Linked'. This reflected the shift to a greater emphasis on skill-related attributes in the selection criteria for this category. Those skill-related attributes were further strengthened in changes made from 1 July 1999 (Birrell, 1999). The *Skill Migration* component of the migration program is designed to contribute to Australia's economic growth. It consists of a number of categories for prospective migrants where there is demand in Australia for their particular occupational skills, outstanding talents or business skills. These categories are:

- Independent migrants - not sponsored by an employer or relative in Australia. They must pass a points test which includes skills, age and English language ability (16,419 visas in 1999-2000).
- Skilled-Australian Linked - commenced on 1 July 1997 (replacing the Concessional Family Category). Applicants must pass a points test on skills, age and English ability and receive additional points for sponsorship by relatives in Australia (8,882 visas in 1999-2000). Also includes Regional Linked for those sponsored by relatives in regional areas (not points tested).
- Employer sponsored - Employers may nominate (or 'sponsor') personnel from overseas through the Employer Nomination Scheme (ENS), Regional Sponsored Migration Scheme (RSMS) and Labour Agreements. These visas enable Australian employers to fill skilled permanent vacancies with overseas personnel if they cannot find suitably qualified workers in Australia. A total of 1,212 visas were granted in 1999-2000.
- Business skills migration - encourages successful business people to settle permanently in Australia and develop new business opportunities (5,631 visas in 1999-2000).

- Distinguished talent - for distinguished individuals with special or unique talents of benefit to Australia (67 visas in 1999-2000).

There are also several categories which cater for other types of visaed settler arrivals but are not included in the categories above. These are:

- Former citizen of Australia
- Former resident of Australia
- Family of New Zealand Citizen for dependents of New Zealand citizens who have settled or intend to settle permanently in Australia.

In addition there are a number of categories for which visas were not required prior to 1 September 1994. These are:

- New Zealand Citizens which refers to the arrival of New Zealand citizens under the Trans-Tasman Travel Arrangement.
- Other (Non-Visaed) which refers primarily to the arrival in Australia of children born to Australian citizens overseas. It also includes residents of Cocos (Keeling) Islands, Norfolk Island etc., and persons granted Australian citizenship overseas.

Figure 1 presents the breakdown of the numbers in each category for the year 1999-2000 to give an indication of the recent numbers in each category. Over recent times in Australia there has been greater government intervention to shape the content of the intake of immigrants so that it can better contribute to national development goals. This has seen greater emphasis on skills in migrant selection and in the development of business migration programs involved to attract entrepreneurs with substantial sums to invest in the destination country. Australia and Canada have micro managed the qualifications of their migrant intake since the 1970s with the introduction of points assessment schemes. In Australia recent years have seen a substantial shift toward skills/business migration and away from family migration as Table 10 and Figure 2 demonstrate. Mid 1997 saw the removal of the concessional family category and the introduction of the skilled-Australian-linked category and the preferential family category has been reduced by capping the migration of parents.

The Skill Stream of the Australian Migration Program is aimed at attracting people with qualifications and relevant work experience and can help to address skill shortages in Australia and enhance the size, skill level and productivity of the Australian labour force.

In 1999-2000, there were 35,330 people granted Skill visas, an increase of 330 (0.9%) on the 1998-99 level. Of total Skill Stream visas, 13.5% (4,780) were granted to onshore applicants. The United Kingdom accounted for 5,537 of all 1999-2000 Skill Stream visa grants. Other major source countries included South Africa (4,615), India (4,064), Indonesia (2,741) and the PRC (2,670).

A range of changes to the requirements for migration under the Independent and Skilled-Australian Linked (SAL) categories were introduced on 1 July 1999. The points test for these categories will place greater emphasis on targeting migrants who have skills in shortage in the Australian labour market by awarding additional points to applicants whose occupation is on the Migration Occupations in Demand List (MODL). Further points are available to applicants with a job offer in one of these occupations. The new points test also takes account of other attributes, including

Australian qualifications and work experience, fluency in a language other than English, and spouse's skills.

A number of mechanisms have been established within the Skill Stream to assist those states and territories who wish to encourage more skilled migration to their regions.

- State/Territory Nominated Independent (STNI) Scheme - enables state and territory governments to sponsor Independent category applicants identified through skill matching, who are willing to settle in their states and territories. These nominations are based on an audit conducted by the state or territory government to establish which skills are in short supply and where they are needed.
- Skilled-Regional Sponsored Category - allows the sponsorship of applicants by relatives to join them in designated areas and must meet threshold English language, age and skill criteria. This category is not points tested.
- Regional Sponsored Migration Scheme (RSMS) - enables employers in regional Australia to nominate overseas personnel for permanent entry where the employer has been unable to recruit suitable skilled personnel through the local labour market. Applicants must meet English language, age and skill criteria.
- Regional Established Business in Australia (REBA) - allows people who have successfully established a business venture in a designated area of Australia, and who are sponsored by the state/territory government, to apply for permanent residence.
- Skill Matching Database - operated by the Commonwealth, the database identifies skilled applicants who meet threshold criteria for English language, age and skills and who are willing to settle in areas where their occupational skills are in demand. It is disseminated to state and territory governments and employers, to encourage skilled migration to their regions through the RSMS or the STNI. It also assists in the targeting of regional promotional campaigns.

There have been substantial fluctuations over time in the level of immigration intake in Australia as Figure 3 indicates. Currently the level of settler intake is set each year by the federal government after consultations with major stakeholders like unions, industry and the state governments.

In Australian settlement immigration, one of the most marked trends of recent years has been a shift in the balance between economic-skill selected migrants and those entering Australia under the family-humanitarian categories. The former have increased their share of the total settler intake. Recent studies (Murphy 2001; Birrell 2001) have documented four significant changes in the immigration intake between 1995-96 and 2000-01:

The total intake fell from 85,000 to 61,000.

- There was a marked switch toward the Skill Stream which increased from 28,000 to 33,000, while the family intake fell from 39,000 to 23,000 and the Humanitarian Program fell from 14,000 to 9,000.
- Within the Skill Stream the Skill Index rose from 66 to 70, while that for the sponsored migrants rose from 64 to 66.

- The age structure of immigrants shifted toward the prime working ages. The proportion aged between 20 and 45 increased from 59 to 64%.
- Over this period there was a net gain of around 40,000 managers and administrators, 57,000 professionals and 21 tradespersons. The annual net gains of these groups show an increasing trend.
- Over 1997-98 and 1999-2000 the net gain of managers and administrators was 3.8% of the total employed stock and for professionals 2%. There was a net gain of computing professionals equivalent to 3.2% of the employed stock and of accountants equivalent to 2%.

Trends in long-term and short-term movement

Over recent times new visa types involving temporary migration have been created, especially those involving temporary migration for work (Birrell and Healy, 1997). These often cut across the long-term and short-term categories. Table 11 shows that over the last two decades there has been a shift in overseas movement to Australia which has seen an increase in non-permanent moves.

Firstly regarding short-term movement it is clear that there has been an acceleration in both foreigners visiting Australia and Australians going overseas on a short-term basis. Figure 4 shows there has been a consistent increase in the number of overseas visitors until 1997-98 when the onset of the crisis in Asia saw a downturn in tourists and business travellers from countries such as South Korea and Indonesia which were hit hardest by the crisis. It will be noted that while the number of overseas visitors to Australia more than quadrupled over the period following 1982-83, the short-term movement of Australians overseas only increased by 153%.

Nevertheless, it is clear that short-term visiting has greatly increased and this represents much more than an expansion of global tourism. It also represents a new global regime in which many people work for considerable periods in more than a single country. It is interesting to note in Figure 4 that visitors have increasingly outnumbered Australian's going overseas in the 1990s with a small downturn effect of the Asian crisis being evident.

Asia represented the origin of 41.5% of visitors to Australia in 1999-2000 notwithstanding the effects of the economic crisis. New Zealand was the largest source with numbers increasing from 695,700 in 1997-98 to 718,900 in 1998-99 and to 773,100 (16.6% of the total) in 1999-2000. Japan continues to be a large source with 15.2% of the total although the numbers declined from 797,000 in 1997-98 to 725,800 in 1998-99 and 705,500 in 1999-2000. The UK and the USA are important origins of visitors (11.9 and 9.4% respectively) but other important Asian countries of origin are Singapore (277,000), Hong Kong (149,000), Malaysia (146,800), Taiwan (140,900), Korea (139,400), China (105,000), Indonesia (85,300) and Thailand (68,000).

It was mentioned earlier that Australia has long had an emphasis on attracting permanent settlers to the country and a strongly expressed opposition to attracting temporary and contract workers. During the labour shortage years of the 1950s and 1960s Australia's migration solution to the problem contrasted sharply with that of European nations like Germany and France when it opted to concentrate on attracting permanent migrants to meet worker shortages rather than contract workers. However, in recent years attitudes have changed in Australia and it has been recognised that in the context of globalised labour markets it is essential to have mechanisms to allow non-permanent entry of workers in certain groups. Nevertheless, this entry has not been extended to unskilled and low-skilled areas and has been open to people with particular skills and entrepreneurs. Hence there has

been an increase in people coming to Australia as short-term or long-term entrants and being able to work in the country. There has been increasing pressure from some groups to include some unskilled workers to enter the country temporarily to meet labour shortages in some areas. The most notable example of this is in the area of harvest labour, especially in fruit, vegetables and vines where significant seasonal labour shortages have occurred in recent years (Hugo, 2001b). Nevertheless, the government has not responded positively to these suggestions.

The significance of people coming to work in Australia temporarily is especially evident in the expansion of long-term entrance in Australia shown in Figure 5. This has had an impact, at least in the short-term, on overall net migration gains in Australia. It will be noted from Figure 6 that an increasing proportion of Australia's net migration gain in recent years has been from an excess of long-term arrivals over long-term departures and a reducing proportion has been from an excess of settler arrivals over permanent departures. Indeed in 1999-2001 the net migration gain from long-term movement exceeded that from permanent movement.

Figure 7 shows some recent trends in the major forms of temporary migration to Australia. One type of short-term movement of particular significance is the increasing tempo of migration of Asian students (Shu and Hawthorne, 1996). Over the 1987-99 period the number of full-fee overseas students in Australia increased from 7,131 to 157,834 (DEETYA, 1995; DETYA, 2000). The crisis in Asia had some impact as Figure 7 shows but the numbers of student visas given off-shore increased by 6% to 67,130 over 1998-99, by 11% to 74,428 in 1999-2000 and by 15.5% to over 86,000 in 2000-01. The major sources² are the USA (6,407 visas) and Asian countries such as the PRC (6,079), Indonesia (5,439), Malaysia (5,900) and Hong Kong (4,544).

There is undoubtedly a strong connection between student migration and eventual settlement of Asian origin groups in MDCs like Australia. It may occur through students:

- overstaying their education visas;
- gaining a change of status to a resident;
- returning to their home country on completion of their studies and subsequently immigrating officially to the country where they studied.

Figure 7 also shows that there has been a significant increase in working holiday maker (WHM) temporary migration in recent years. This has been comprehensively reviewed by the Australian Parliament Joint Study Committee on Migration (1997). WHMs are foreign nationals aged 18-30 from selected countries with which Australia has a reciprocal arrangement, who can work under certain conditions for up to 12 months. Their numbers have increased dramatically and reached 74,454 in 1999-2000 more than doubling in the 1990s.

Kinnaird (1999) reports that while the economic impact nationally of the migration is limited it has significant impacts in specific industries in specific areas. While Europeans dominate this category, there are significant numbers from Japan (8,510) and Korea (1,200).

Since 1995 there has been a new visa category in Australia of Temporary Business Migrants. These are five types:

² Numbers refer to 1999-2000.

- Business visitors who come for short periods and are in the ‘short-term’ arrival category.
- Temporary business residents who come for longer periods and are usually in the ‘long-term’ arrival category.
- Independent executives who enter Australia for the purpose of establishing, or buying into a business and managing that business.
- Medical practitioners – qualified general and specialist medical practitioners where there is a demonstrated need for employing practitioners from overseas.
- Educational – this visa is for qualified people to join educational and research organisations to fill academic teaching and research positions that cannot be filled from within the Australian labour market.

Figure 7 indicates there has been a fall in this category since a peak in 1996-97 and in 1999-2000 a total of 236,085 Business Visitors visas were granted and 35,006 Temporary Business Residence visas, 3,937 Independent Executive visas, 2,515 Medical Practitioner visas and 1,700 Educational visas. Among the Business visitors, North America accounts for almost one-quarter and the main Asian groups are from China (15%), Japan (7%) and India (5%). Among the longer term business residents the UK make up almost one-quarter and the largest Asian groups are from Japan (6%), China (4%), India (8%) and Indonesia (3%).

The increasing numbers of short-term worker entrants to Australia represents a huge change in Australian immigration policy which in the past has been adamant in its concentration on permanent settlers and its eschewing of temporary migration. Kinnaird (1999), based on DIMA data, has estimated the stock of temporary entrants to Australia in mid 1998 and these are presented in Table 12 and suggest that there were over 200,000 people in Australia temporarily with work rights and a similar number without work rights. This represents a substantial number of people equivalent to 2-3% of the permanently resident population. In Table 13 we present official estimates (DIMA, 2000a) of the stocks and flows of non-permanent entrants to Australia in 1999-2000 and limited data in 2000-01 but it would appear that Kinnaird’s estimates for the previous year continue to be applicable. DIMA (2000a, p. 5) estimates that at 30 June, 2000 there were 513,900 persons in Australia on temporary visas – 181,900 had been in Australia for less than three months, 182,800 between three and twelve months and 149,200 longer.³ The largest group of the 513,900 were from the UK (76,100), followed by the USA (40,300), China (33,300), Japan (32,000) and Indonesia (31,300).

Immigration and population growth

Net migration now accounts for half of the population growth in the world’s More Developed Countries (UN, 1997, p. 23) and in Australia it can be seen from Tables 14 and 15 that over the last 20 years the proportion that net migration contributed to population change varied from a low 17.8% in 1993 to a high of 54.5% in 1989.

A key point in the recent net migration gains, however, is that in recent years an increasing proportion of that gain has been derived from an excess of long-term (as opposed to permanent) arrivals over long-term departures such that by 1999-2000 they accounted for over half of the net

³ These figures do not include New Zealand citizens.

gains. This points to the increasing diversification of migration to and from Australia and the developing role of non-permanent migration in the Australian economy and society.

Emigration

There is a tendency for Australia to be categorised as a purely immigration country but, in fact, it is also a country of significant emigration. Table 16 shows that over recent years departures on a permanent or long-term basis have been very substantial. Indeed, Table 17 shows that while the ratio of permanent emigration to permanent immigration has varied between 14 and 52% since 1968, the ratio has been comparatively high in recent years. Over the post-war period there has been a close relationship between immigration and emigration trends with the later tending to follow the former with a small time lag. This is because, as Table 17 indicates, former settlers have been a major part of emigration over the years.

Moreover, the return migration effect has been understated in the data since a significant number of the Australia-born are the dependent children of overseas-born returnees. In 1999-2000 permanent departures from Australia (41,078) reached the highest level since 1972-73 and the proportion Australia-born (49.3%) was the highest ever recorded indicating an increasing trend for the Australian population to emigrate. It is apparent from Figure 8 that there has been an upward trend in the numbers of Australia-born permanent departures in the 1990s and this is indicative of a greater tendency for Australia-born adults deciding to move overseas on a permanent basis.

If we look at the pattern of long-term out-movement of Australian residents, a similar pattern emerges. Figure 9 shows that the number of Australian residents who are departing overseas for a period of more than a year but with intentions to return has increased substantially in recent years. If we break the long-term departures into Australia-born and overseas-born in Table 18, again this provides evidence of greater Australia-born movement out of Australia on a long-term basis. Between 1998-99 and 1999-2000 there was an increase in the number of long-term departures from Australia from 140,281 to 156,768 persons. The number who were Australian residents increased from 82,861 to 84,918 persons. In 1999-2000 there was a net migration loss of 5,267 through 'long-term' movement among the Australia-born compared with a net gain of 61,348 among the overseas-born. There has been a similar massive increase in the number of residents travelling overseas for periods of less than a year (Table 11). While tourists and very short-term business visits are dominant here it does include significant numbers who are working overseas on a longer term basis but who are not to be absent from the country for over a year.

Settler loss has been an important feature of the post-war Australian migration scene with around a fifth of all post-war settlers subsequently emigrating from Australia, most of them returning to their home nation. There has been concern about this settler loss among policy makers (Hugo, 1994) but it has a number of components including a group of migrants who never intended to settle permanently in Australia as well as people who are influenced by family changes, are not able to adjust to life in Australia, etc. The pattern of settler loss while it varies between birthplace groups (e.g. it is high among New Zealanders but low among Vietnamese) has tended to remain a relatively consistent feature of the post-war migration scene in Australia and the fluctuations in its numbers are very much related to earlier levels of immigration. With an increase in the skill profile in immigration we can expect an increase in settler loss since skilled migrants have a greater chance of re-migrating than family migrants.

Nevertheless, there has been a change in the level of out-movement of Australian residents with a consistent increase being in evidence. This has begun to attract policy attention since the profile

of departures of residents tends to be younger and more educated than the population of the nation as a whole and the spectre of 'brain drain' has arisen.

There can be no doubt that the global international migration system with respect to highly skilled labour has been transformed since the 1960s, when the first 'brain drain' research was undertaken. Findlay (1990, p. 15) has summarised the situation as follows:

professional transients are replacing settler migrants in the international migration systems of many countries. Where settler emigration is still permitted, it is skilled migrants who find it easiest and quickest to receive work and residence permits ... Most nations, however, do not continue to favour large scale settler migration and instead seek to meet specific skill shortages by permitting (if not promoting) transient skill movements. The transient skill flows already dominate the migration systems of some countries such as the United Kingdom ... They involve the international circulation of high level manpower between countries, with the migrants neither seeking nor being encouraged to remain in any particular place for a long time period. Foreign assignments are commonly for one to three years ... Given the circulatory nature of these high level manpower movements, it has been suggested that these migration moves be seen as skill exchanges rather than brain drain.

Whereas in the 1960s the dominant form of professional international migration tended to involve permanent migration from less developed to more developed nations, the current situation tends to be characterised by the transience of such groups, that is, hypermobility involving remigration and return (Richmond, 1991, p. 4). Seen in this context, it is somewhat unrealistic to expect that Australia will be isolated from this process and have its international migration of skilled groups dominated by traditional settler emigration movements. The greatly increased significance of transience in skilled labour movements has been encouraged by a number of developments over the last decade or so:

- Many highly skilled regional and national labour markets have been usurped by labour markets which overlap international boundaries.
- The internationalisation of capital.
- The exponential development of exchanges of all types through the development of communications.
- The reduction in real time and money costs of travel.
- The development of multinational corporations.

In the Australian context, the increasing tempo of emigration of Australia-born professionals may to some extent be due to Australia's increasing incorporation into these international migration systems as well as a function of economic conditions within the country. Of course the situation should be monitored and subjected to detailed study, but there are a number of possible (and in several cases, probable) positive developments for the Australian economy which could accrue from this movement:

- Most of the movement is not permanent in that many expatriate workers eventually return to Australia.

- Most of the migrants are remitting substantial sums of foreign exchange to Australia-based families, investments and bank accounts. There is little to suggest that there is any capital flight associated with this emigration (e.g. from Malaysia, Hugo, 1991).
- The extension of the skills and experience of the Australian workers involved.
- The linkages which this is establishing between Australians and Australian companies and their Asian counterparts and markets will further assist in embedding Australia's economy in Asia.
- It is productively absorbing skilled Australian workers at a time of lack of opportunities in Australia.
- It may be creating opportunities for Australian companies to supply goods and services to Asian countries because the Australian expatriate workers will be most familiar with Australian-based suppliers.

An increasing percentage of the outflow of Australians is to Asia and we may be seeing some integration of particular labour markets between Australia and some Asian countries. This has many significant implications for Australia in a number of areas and the emigration associated with it needs closer investigation. It is crucial for Australia to monitor the situation in Asia for its implications for international migration to and from Australia. On the one hand, there are the issues of skilled labour shortage in several nations which will have implications for emigration of one kind or another from Australia. In addition, in other nations there are surpluses of educated workers in some fields, due largely to mismatches in the output of the education systems and the specialised demands for employment in the economies of those nations. The latter forces will put pressures on immigration to Australia and other destination countries. These apparent contradictory forces in Asia are a function of the diversity of the region and the enormous differences between Asian countries with respect to labour surpluses and shortages. However, they are also related to emerging demands for particular skills in the rapidly growing economies of the region, which cannot be supplied immediately by their national education systems. Moreover, in many countries human resource development policies are mismatched with, and lagging behind, the rapidly changing labour market situation. This is producing a complex situation where, between and even within individual Asian countries, there are strong tendencies toward producing both immigration and emigration on significant levels.

Workforce characteristics of international migrants

Inevitably because of its younger age structure than the total population and the economic focus in immigrant selection the proportion of immigrants in the workforce has been greater than their proportion in the population as a whole for the bulk of the post-war years (NPI, 1975). Figure 10 indicates that the balance between economic/skill selected migrants and those entering due to family connections in Australia has changed over the years with policy shifts within recent times the skill criteria accounting for a higher proportion of immigrants than in most previous periods. There are, of course, skill/education differences between the different categories of settlers coming to Australia with those of the skill/economic immigration categories being substantially higher than those of settlers in the family and humanitarian categories. Table 19 shows that in 1996 a larger population of the Australia-born are in the workforce than the overseas-born largely reflecting the higher percentages aged 65 years and over in the latter (15.9 compared with 10.1%). It is interesting, too, that the occupational profile is almost identical between the two groups although the overseas-born have a somewhat higher education profile. Of course the figures in Table 19 mask very wide variations in the workforce experience between different migrant groups. There are, of course, wide variations between

birthplace groups as is evident in the *Atlas of Australian People* (Hugo, 1999b). Some of the most substantial differences are between different visa categories of immigrants.

This is evident in the results from the Longitudinal Survey of Immigrants in Australia (LSIA) depicted in Table 20. This indicates that there was a very large difference between visa categories of Principal Applicant immigrants who were interviewed within the first six months of arrival in Australia (Wave 1) with respect to the proportion who were working. Those arriving under economic visa categories had much higher levels of workforce participation than those coming under family categories and especially those coming as refugee or humanitarian immigrants. When the same immigrants were interviewed three years later the participation rates had increased for all visa categories but the category differences remain.

The occupation profile of permanent settler arrivals in Australia is substantially higher than that of the nation as a whole. Table 21 shows that managers, administrators and professionals make up almost half of all workers among permanent settler arrivals (49.1%) and this compares to 38.8% among the total population. On the other hand intermediate and low skill workers were 24.1% of permanent settlers but 43.4% among the total population.

A crucial point, however, in considering the effect of international migration on the workforce is the significance of the more or less permanent outflows discussed in the previous section. Hence Table 21 provides occupational details of those leaving Australia permanently. It will be noticed that although Australia receives a net gain of all occupational categories the occupational profile of emigrants is somewhat higher than that of the permanent arrivals. The main difference is in the highest status manager/administrator category which accounts for 18.2% of the emigrants but only 12% of the immigrants. However, it will also be noted that 61.7% of the emigrants were in employment before moving compared with 49.8% of settler arrivals.

Another point made in the previous section was the growing significance in Australia of non-permanent movement and the fact that at any one time over 200,000 persons temporarily present in Australia have the right to work and the number actually working may be up to 400,000. This is a not insignificant element in the Australian workforce so it is important to examine the workforce characteristics of those who are on temporary visas but have the right to work in Australia. Table 22 presents information derived from passenger arrival and departure cards. One difficulty with the information is the high proportion of 'not stated' responses and a more comprehensive analysis should go to the visa application forms themselves. Nevertheless, it would seem that the occupational profiles presented in Table 22 are indicative of actual patterns. Among working holiday makers it would seem that professionals and intermediate clerical and service workers dominate.

As would be expected, the profile of persons entering under the Temporary Business category is somewhat higher. Indeed almost three-quarters of such entrants (73.5%) fall into the two highest status occupation categories of managers, administrators and professionals. This compares with 49.1% of permanent arrivals and 38.8% of the total Australian population. In sum then, the impact of post-war immigration on the Australian workforce has been massive in both quantitative and qualitative terms.

Net migration trends

It is instructive to examine the numbers of arrivals and departures to and from Australia according to their categorisation as permanent, long-term and short-term and whether or not they involved Australian residents or visitors and Australia-born and overseas-born persons. The situation

for the last seven years is presented in Table 23 and indicates how the settler arrivals are a very small component of the overall flows.

Some of the most significant patterns are apparent in the net migration figures presented in Table 24. This indicates that over the 1993-2000 period there was a net gain of 456,129 overseas-born persons by permanent migration and a net loss of -90,299 Australia-born persons by permanent movement. Similarly among long-term residents and long-term visitors there were substantial net gains of overseas-born persons (51,638) but net losses of Australia-born (-30,074).

Migration to and from Asia

Recent decades have seen a major shift in the origins of people moving to Australia. There has been an increasing focus on the Asian origin, both as an origin of people coming to Australia and a destination of those leaving the country. Figure 11 depicts the substantial shift which has occurred in the origins of permanent settlers to Australia over the 1970-2000 period. In 1970, settlers were predominantly from Europe but by 1990 Southeast Asia had become more significant. However, in the 1990s the settlers came from a more diverse range of countries, both in Asia and elsewhere.

Asia has assumed increasing significance in population movement to and from Australia in recent years although it is interesting to note in Table 25 that the proportion of all movement involving an Asian country fell from a high of 36.1% in 1995-96 to a low of 29.6% in 1998-99 and 1999-2000 due to the impact of the economic crisis. There has been a small decrease in the proportion that Asians make up of settler arrivals from 40% in 1995-96 to 33.7% in 1999-2000 while in permanent departures of residents their proportion increased from 10.8 to 16.2%. Hence while Asia is more significant in permanent arrivals than departures the gap is closing. It is interesting in the permanent out-movement columns to observe the difference between the pattern for Australian residents and visitors. A greater proportion of Australian residents departing permanently are moving to Asia than is the case with visitors. This would seem to indicate that while non-Asian destinations are dominant for Australian residents leaving the country permanently they are increasing in significance, despite the crisis in Asia. On the other hand, rates of return of Asian migrants to their home countries are lower than those coming to Australia from other countries. There are some exceptions to this such as Japan but in general Asian immigrants to Australia show a low propensity to return to their home country.

Turning to long-term movement, it is interesting that Asians make up more than half of long-term visitor arrivals and departures. This indicates that the introduction of the new categories of non-permanent movement to Australia, especially overseas students and temporary business entrants, has particularly favoured Asian movement. Figure 12, for example, depicts the distribution of origins of student arrivals in 2000. This indicates an overwhelming emphasis on the Asian, especially Southeast Asian, region. Figure 13 shows the origins of Working Holiday Makers (WHMs) and a very clustered pattern is in evidence. This is not surprising given that people coming to Australia under this visa category are restricted to the handful of countries with which Australia has reciprocal WHM arrangements – Canada, Japan, Korea and a number of Western European nations. Figure 14 shows the distribution of origins of Temporary Resident Arrivals in 2000. These are predominantly temporary business migrants and a quite different pattern to those observed earlier is in evidence. North America is a more important origin than for other forms of movement as is Japan. Other concentrations are in Western Europe, Asia and South Africa.

The long-term *resident* movement tends to be less oriented to Asia. This indicates that Australians leaving the country on a long-term basis are more inclined to go to non-Asian destinations.

The short-term resident movement also differs substantially than that of the visitors in its degree of Asian orientation. While the proportion of visitors to Australia coming from Asia reached half in 1995-96 and was above 40% in the other years shown in Table 25, the proportions of Australians leaving the country on a short-term basis and going to Asia was quite low reaching a high of 14.5% in 1995-96. The effects of the economic crisis in Asia are evident in the fall in the proportions of short-term visitors from Asia from 50.4% in 1995 to 40.6% in 1999-2000. Moreover, the actual numbers from Asia fell from a high of 2,102,818 in 1996-97 to 1,769,494 in 1998-99 but increased slightly to 1,886,304 in 1999-2000.

What is striking in Table 25 are the very large numbers of international movements linking Australia and Asia given the overall numbers of the Australian population. In 1996-97 there was more than one Asia-Australian international movement for every four residents of Australia. The numbers were increasing very fast until the Asian crisis-by 16.7% between 1995 and 1996 and by 5.8% between 1996 and 1997. Thereafter, however, there was a significant decline - by 7.4% between 1997 and 1998, 4.6% between 1998 and 1999 but an increase by 6.7% between 1999 and 2000 reflecting the impact of Asia's economic crisis.

It is useful to consider the movement between individual Asian countries and Australia. The details of this movement are presented in Appendix B and a number of the main trends are summarised here.

- The largest volume of movement into and from *Japan* accounting for slightly less than one-third of all movers between Asian countries and Australia. This is dominated by short-term arrivals and short-term departures indicating that the dominant form of Japan-Australia movement is of tourists and business people coming from Japan to Australia and returning to Japan.
- It is interesting to note that the movement of Japanese short-term visitors to Australia is more than 80 times greater than the numbers of Australian short-term movers going in the other direction. Japanese also make up a significant proportion of long-term visitors from Asia coming to Australia reflecting the significance of Japanese business and student movement. On the other hand, the level of settler movement to Australia is very low. In fact, in Appendix B it will be noted that 16 other Asian countries had higher levels of percentage population movement to Australia than Japan.
- The pattern of movement from *South Korea* to Australia shows some interesting trends. The numbers increased by 41% between 1995 and 1996 and 28% the following year to account for 10.4% of all Asian movement (538,799 movers) in 1996-97. Thereafter the effects of the economic crisis saw a massive decline to 308,942 moves in 1997-98, 208,341 in 1998-99 but an increase to 315,219 in 1999-2000. Virtually all of this change occurred in the numbers of visitors travelling to Australia, mainly as tourists. Whereas in 1996-97, 250,758 short-term visitors arrived from South Korea in 1998-99 it was 87,829 and 142,230 in 1999-2000. South Korea continues to be a significant source of long-term visitors to Australia but like Japan the numbers of permanent settlers are quite small.
- In 1999-2000 the second largest migrant flow between Australia and Asia involved *Malaysia*. Like South Korea Malaysia too was strongly affected by the Asian crisis and total movement increased from 331,064 in 1994-95 to 415,558 only to fall to 389,155 in 1997-98 and recover to 398,223 in 1998-99 and 455,909 in 1999-2000. Malaysia has been an important source of permanent settlers to Australia over the last two decades although with the burgeoning of the Malaysian economy over much of the 1990s, this

has declined. In 1999-2000 Malaysia was the fifth largest Asian source of permanent settlers in Australia (1,771 persons). It is noteworthy in Appendix B, however, that the proportion that short-term visitors make up of the total Malaysian movement is lower than for other countries with which there is a high level of interaction. Malaysia is a major source of long-term visitors due to it being a long-term major supplier of students and having significant business linkages with Australia. Significantly, too, Malaysia is a major destination in Asia of Australian residents leaving Australia on a long-term basis.

- In 1999-2000 the fourth largest movement flow between Australia and Asia was with *Singapore*. There has been a continuous flow of settlers from Singapore to Australia over the last two decades but in 1999-2000 it was only the eleventh largest source of permanent arrivals from Asia. Singapore supplies around one-tenth of all short-term arrivals in Australia and is also an important source of long-term visitors (also around one-tenth) indicating strong links with business and student movement.
- *China* had the third largest interaction with Australia during 1999-2000 and this represents a steady increase from 255,985 movements in 1994-95 to 455,731 in 1999-2000. China is the largest single Asian origin of permanent settlers in Australia (6,809 in 1999-2000). It is interesting, however that China also is recording a significant back flow of former settlers equivalent in 1999-2000 to almost one-quarter of the inflow. Appendix B also shows that China was the pre-eminent destination of Australian resident short-term travellers in Asia in 1999-2000. China also supplies about one-tenth of the long-term visitors coming to Australia from Asia.
- For statistical purposes *Hong Kong* is still considered separately from China although reunification has occurred. It has only a slightly smaller interaction with Australia than the remainder of China, however, while there was a rapid increase from 264,705 moves in 1994-95 to 406,405 in 1996-97, this fell to 311,521 by 1998-99 but increased to 332,605 in 1999-2000 due to the effects of reunification and the economic crisis. For much of the last five years it has been the major overseas destination of Australian short-term movers as well as being one of the major origins of short-term visitors to Australia. Hong Kong also sees a significant volume of long-term movement in both directions. The reunification of Hong Kong with China has seen a significant reduction in the number of settlers coming from Hong Kong to Australia from 4361 in 1995-96 to 1918 in 1998-99 and 1,467 in 1999-2000.
- *Taiwan* shows an interesting pattern of relative stability in the overall level of interaction with Australia ranging between 320,147 in 1994-95 and 366,827 in 1997-98. In 1999-2000 it was the sixth largest Asian source of permanent settlers (1,699). Taiwan supplies about 6% of Asian short-term movers to Australia, lower than each of the countries considered so far. Short-term visitors make up a very high proportion of all moves and tourism is a significant element in the interaction with Australia.
- There is a most interesting pattern of interaction between *Indonesia* and Australia evident in Appendix B. Overall movements increased from 265,683 in 1994-95 to 357,902 in 1996-97, but the impact of the Asian economic crisis was felt most in Indonesia and by 1998-99 the interaction had fallen to 239,394 and 232,148 in 1999-2000. However, also under the impact of the crisis the number of permanent settlers to Australia increased from 1013 to 2,943 in the period. The numbers of short-term visitors to Australia from Indonesia fell from 151,873 in 1996-97 to 88,305 in 1998-99 and 75,668 in 1999-2000. In 1999-2000 Indonesia supplied more long-term visitors to

Australia than any country indicating the large number of Indonesian students in Australia and established business and cultural linkages.

- The *Philippines* has been a consistent major source of settlers moving to Australia over more than two decades and in 1999-2000 they were the third largest source of Asian settlers (3,186 persons). However, in terms of overall interaction, nine other Asian countries had higher levels. This reflects the fact that Filipino short-term movement to Australia is at a relatively low level and it is one of the few Asian countries where such movement is almost balanced by the numbers of Australian short-term moves in the other direction. There is little long-term movement in either direction reflecting limited student and business movement between Australia and the Philippines.
- *Thailand's* interaction with Australia is only the eleventh largest among the Asian countries. The flow increased steadily from 160,286 in 1994-95 to 184,002 in 1996-97 but fell to 99,108 in the onset of the crisis in the following year but rose to 125,992 in 1998-99 and 143,369 in 1999-2000. Only relatively small numbers of Thais settle in Australia. The numbers of long-term visitors are greater than for the Philippines suggesting stronger student and business movements between the two countries. Thai short-term movement to Australia is greater than that from the Philippines but it is five times larger than the flows of Australians in the opposite direction.
- *Vietnamese* represent the largest single Asian birthplace group in Australia but the level of international movement between Vietnam and Australia is similar to that of Thailand. Moreover, it has been relatively stable over the last few years. Vietnamese have been a major element in Asians settling in Australia for more than two decades and in 1999-2000 they were the seventh largest group of permanent settlers (1,502 persons). They are one of the very few Asian groups for which there are more short-term visitors from Australia than to Australia largely reflecting the fact that there has been a big increase in the numbers of Vietnamese Australians visiting their homeland for visiting family, business and tourism since Doi Moi. Hence in 1994-95 there were 34,870 short-term Australian resident visitors to Vietnam compared with 40,395 in 1998-99 and 47,605 in 1999-2000. On the other hand, there is little long-term movement between the two countries.
- Turning to South Asia, the largest volume of interaction is with *India* and there has been a steady increase in movement from 106,820 in 1994-95 to 174,696 in 1998-99 and 203,011 in 1999-2000. India has been an important source of settlers to Australia in the 1990s and in 1999-2000 was the second largest origin of settlers (4,631 persons). Over the last five years the number of short-term visitors from India to Australia has almost doubled and long-term movements have also increased more than three times reflecting greater business and student movement.
- *Sri Lanka* was the thirteenth largest source of settlers to Australia in 1999-2000 (73,009 persons). It is, like Vietnam, one of the few countries in Asia where more Australians visit than people move as visitors in the other direction reflecting a strong pattern of Sri Lankan Australians visiting their homeland frequently.

Remittances

Remittances of money and goods by migrants to their families in their home areas can be a major element in national and especially regional economies (since migrants tend to be drawn from

particular parts of the origin countries). In Australia the traditional predominance of permanently settled migration has meant that little analysis has been made of foreign transfers and there are no official data on such flows. Rod and Murphy (1997a, p. 78) report that 'rough estimates of remittance outflows (based on official receipts from various receiving countries) indicate that at least \$500 million is sent annually through official banking channels to family and communities overseas'. However, they estimate (Rod and Murphy, 1997b, p. 1) that in 1994-95 immigrants and temporary residents brought in around A\$1.5 billion and out-remittances totalled \$520 million, a net gain of \$971 million in migrant transfers. This compared to a negative balance of trade in that year of A\$8 billion.

Undocumented and illegal immigration

Undocumented or illegal migration to Australia is of three types:

- Overstaying whereby non-citizens enter Australia legally but overstay the term of their visa (overstayers).
- Where non-citizens entering Australia legally otherwise ignore the terms of their visa, e.g. persons on a tourist visa working.
- Clandestine entry of non-citizens who do not pass through an immigration control point (illegal entrants).

In this section we will concentrate on the first and third of these types.

Much is known in Australia about overstayers since there is a high quality Movement Data Base and all persons arriving in and departing from the country are required to complete a card which facilitates matching and detection of overstayers. Table 26 shows that through the 1990s around 50,000 overstayers have been identified using this matching. In June 2000 there were 58,748 overstayers of whom 28% had been in Australia for more than 9 years and a similar proportion had been in the country for less than a year (28.6%). Some 79.5% of overstayers were persons who had overstayed tourist visas, 5.4% temporary residents and 7.5% students. The overstay rate was 0.2% comprising 7,196 overstayers from 3,848,993 visitors in 1999-2000 (DIMA, 2000a, p. 56).

The origins of overstayers are shown in Table 27 and 'overstay rates' calculated as a percentage of total long-term and visitor entrants since 1994. This produced an overall overstay rate of 0.25% but there was quite a bit of variation between countries of origin. The largest numbers of overstayers were from the UK (10.1%), USA (8.1), Indonesia (6.8), the Philippines (6.5), China (6.4), Korea (4.9) and Japan (4.5).

Turning to the people who enter Australia illegally, it is clear that Australia has in recent times become a more important target for such movements. There are, of course, no data on persons who have been successful in such attempts but there are on the numbers that have been detected. These can be divided into those detected arriving by air and those coming by boat. Figure 15 shows that there has been a substantial increase in the numbers detected in recent years. Taking, first of all, the unauthorised arrivals by air. The undocumented migrants arriving by air arrive either with no travel documents or present documentation which is found to be fraudulent but which they might have used for check-in at overseas airports. While many arrive as individuals, planning their own travel, some are part of organised people trafficking organisations which have become more active across the Asian region.

It will be noted that the numbers arriving by air increased markedly in the 1990s and peaked at 2,106 in 1998-89. Thereafter they fell to 1,695 in 1999-2000 and 1,508 in 2000-01. The reasons for the fall in unauthorised arrivals in airports are not clear but may be associated with:

- Sanctions on air carriers for bringing in unauthorised people leading to them checking documents of all incoming passengers more closely prior to travel.
- Feedback that such arrivals unable to make a case for asylum are sent back to where they came on the next available claim.
- An increase in the use of boats among unauthorised arrivals.

The countries from which the unauthorised air arrivals originated are shown in Table 28. It will be noticed that there has been some significant variation over the years. In the years of largest gain Iraq, China, Indonesia and Sri Lanka were the largest groups. However, in recent years the numbers from these origins have declined. The decline in the number of Iraqis is most interesting and dramatic (from 325 in 1998-99 to 37 in 2000-01) given their increasing numbers among boat arrivals.

In recent times South Korea, New Zealand and Thailand have become more important with, in some cases, these being places of transit rather than the original place of birth/residence of the unauthorised arrivals.

Turning to people who seek to clandestinely enter Australia by boat, one small group are those who are detected aboard incoming ships who are stowaways. In 1998-99 these numbered 61, and in 1999-2000, 26. However, the main focus of attention regarding unauthorised arrivals has been on the so-called 'boat people'⁴. The numbers arriving on the northern shores of Australia from Indo-China over the period 1976-89 numbered only 2,059 persons, although they attracted a great deal of attention (Viviani, 1996, p. 159). However, in the 1990s the numbers increased and in recent years have reached unprecedented levels as Table 29 indicates. The period 1999-2001 saw 8,315 boat people detected compared with 1,083 in the previous two years. This became the most discussed migration issue in Australia since the previous report (Hugo, 2001a) and it was a major element in the lead up to the 2001 national election. It will be noted in Figure 16 that in the last two years Afghanistan and Iraq have dominated among the boat people arriving in Australia. The majority of the boat people in the early 1990s originated from the Kompong Som area of Cambodia and comprised largely of Chinese, Vietnamese and Cambodian nationals.

In the mid 1990s Fujian province and other parts of Southern China became more important. However, the upswing in 1999 was predominantly of Iraqi, Pakistani, Sri Lankan, Turkish, Afghan and Bangladeshi nationals. Asia has become an important staging post for undocumented immigrants. Boat people are now coming predominantly through Indonesia, especially the province of East Nusa Tenggara. They come on overcrowded fishing vessels and there has been a significant loss of life through the sinking of these vessels. For example, it was reported on 13 December 2000 that up to 163 boat people were feared drowned through the sinking of two boats in 'atrocious' weather conditions (DIMA, 2000e).

⁴ 'The term was originally coined to describe people fleeing Vietnam after communist forces reunified the country in 1975. In Australia it has come to be applied to anyone who arrives in the country by boat in an unauthorised manner. Some people find the term pejorative, however it is a useful and apt description and now used widely' (Mares, 2001, pp. x-xi).

The major nationalities represented among boat arrivals in Australia are shown in Table 30 and the increasing dominance of the Middle Eastern (especially Iraqi) and Afghan origin among boat people is clear. A more detailed cumulative breakdown is available for the 1989-2000 period and this is presented in Table 31 and it will be noticed at that stage that Asians dominated but they have been swamped in the last two years by Afghans and Iraqis.

It is apparent that Australia has now been targeted by people smugglers who have been active in facilitating undocumented migration in other parts of the world (especially North America and Europe) for many years. The proliferation of the global international migration industry has a major illegal element which is becoming stronger over time and more widespread in its activity so that it is becoming one of the most substantial areas of international crime. Moreover, large international crime syndicates, including many involved in the international drug trade, are becoming increasingly involved. Until recently Australia has not been a major target of this activity but it is clear that this has now changed and that we can expect more undocumented migrant arrivals.

Many of the undocumented migrants that came to Australia in the early and mid 1990s came from Fujian province in Southern China which has long been a source area for Chinese migrants travelling all over the world. It is an area where there is a great deal of activity of people smugglers and there are strong linkages with North America and Europe. However, it is apparent that there are also syndicates working to send migrants to Australia from South Asia and the Middle East and Southeast Asia has become an important transit point for these migrants. Bangkok, Kuala Lumpur and Pnom Penh have been important but Indonesia has been a key transit area. For example, the *Kupang Post* (23 June 1999) in Eastern Indonesia reported the detection of around 130 young men from East Java destined to travel by fishing boat to Australia to gain work on the Olympic Games site in Sydney. Their travel had been arranged by an 'informal recruiter' and reflects the crucial role that the immigration industry plays in the undocumented migration. Since then there has been a build up of several thousand such undocumented migrants in Indonesia who intend to go to Australia.

Australia's policy of detention of all undocumented arrivals has been the subject of much attention in 2000. To quote from DIMA (2000f):

- Australia's Migration Act 1958 requires that all non-Australians who are unlawfully in Australia must be detained and that, unless they are granted permission to remain in Australia, they must be removed from Australia as soon as practicable.
- This practice is consistent with the fundamental legal principle, accepted in Australian and international law, that in terms of national sovereignty, the State determines which non-citizens are admitted or permitted to remain and the conditions under which they may be removed.
- The Government seeks to minimise the period of time taken to process applications made by detainees and hence the period of detention. The majority of people in immigration detention are held for a short time – in some cases as little as a few hours. However a number of factors can contribute to increased periods in detention, including court appeals and delays in the procurement of travel documents for removal.

Australia's treatment of asylum seekers has attracted some criticism from international organisations, refugee lobby groups, church groups and human rights groups. These criticisms have included the following:

- Attention was drawn to the fact that persons who are unauthorised arrivals are treated differently to overstayers who are generally not put in detention centres.
- Some have suggested that it is in breach of fundamental human rights.
- There have been allegations of poor conditions in the centres which have been drawn attention to by hunger strikes, protests, demonstrations and breakouts of the camps. There have been reports of sexual abuse in the camps.
- Delays in the determination of refugee status.

Attention has been focused, too, on the fact that the bulk of unauthorised arrivals who are granted entry are being given a TPV valid for three years. This has in effect created two classes of refugee settlers in Australia although the TPV holders can apply for permanent settlement before their visa expires if repatriation is not possible. The granting of TPVs, rather than being granted full refugee status, is part of the government's policy of deterring more onshore claimants for asylum especially that associated with people smuggling. The TPV holders do not have access to the same rights as those granted full refugee status and allowed to settle in Australia. While they do have the right to work, access to health care and had access to a special benefit for income support, they do not receive the full package of benefits available to refugees settling in Australia under the offshore program. They also had no automatic right of return to Australia if they leave the country. This lesser access to services is also part of the policy to dissuade other potential onshore applicants from travelling to Australia.

The government has adopted a number of strategies to deter people from entering Australia without authorisation to claim asylum. This involves visits by the Minister of Immigration and Multicultural Affairs in major origin areas, information programs in those areas as well as providing differential treatment to asylum seekers than offshore refugee and humanitarian arrivals. The TPV is intended to not give people a migration outcome while Australia maintains its protection obligations.

In 1998-99 there were 3,574 'unlawful non-citizens' admitted to Australia's immigration detention facilities with a total of 201,205 detainee days. The scale of detention activities increased substantially in 1999-2000 as Table 32 indicates. The number of detention centres has increased and they are generally located in more remote parts of the nation. The costs of detention to the Australian community are considerable. Crock (2000, p. 7) reports that the Australian budget for 2000-01 allocated A\$130 million to the immigration portfolio for detention and associated compliance costs.

The outcomes regarding the 8,882 boat people who arrived in Australia over the last decade is shown in Table 33. It will be noted that some 45.8% have been granted entry to Australia although 31.5% had Temporary Resident Visas and only 13.6% had been given permanent resident status. More than a third (36.5%) had been repatriated.

There was a major shift in Australian immigration policy in late August 2001 when 438 asylum seekers were rescued from a sinking Indonesian vessel by the Norwegian freighter M.V. Tampa. The freighter changed course to take the asylum seekers to Australia but the government refused them entry, transferred the asylum seekers to a navy ship and took them to Nauru in the Pacific where their claims were processed. Hitherto, asylum seekers detected en route to Australia or on Australian islands between Indonesia and the Australian mainland were automatically taken to Australia where they were put in detention centres to await processing of their claim for asylum. The new 'pacific solution' was accompanied by a government attack on the people smugglers who

facilitated the movement. Moreover, government rhetoric stressed the characterisation of the asylum seekers as ‘queue jumpers’ and ‘illegal immigrants’ (Hawksley, 2001).

Although the new government policy came under severe attack internationally and from prominent Australians from both conservative and more progressive sides of politics, there can be no question that a majority of the Australian public supported it. Polls taken in the week after the *Tampa* affair indicated that three quarters of Australians supported the decision to refuse entry to the asylum seekers and the Prime Minister’s handling of the situation (Betts, 2001, p. 42). Prior to the *Tampa* incident the conservative government had been lagging in the opinion polls in the lead up to the national election to be held on 10 November. In July, support for the government was at 40% while that for the main opposition Australian Labor Party (ALP) was at 47% (Paul, 2001, pp. 24-25). The government pushed the issue to the forefront of election campaign discussion and there can be no doubt that the government’s position on asylum seekers was responsible for the government assuming leadership in the pre-election polls.

The Australian government justified its change in asylum seeker policy as follows (Ruddock, 2001, p. 2):

- The number of unauthorised boat arrivals in 1999-2001 was 8,316 compared with 4,114 in the previous two years.
- The shift in the nationality profile away from Asian to Middle East origins.
- More than 80% in the last two years claimed asylum compared with 46%.
- People smuggling has increased in significance with Indonesia now becoming the main staging point for people arriving from the Middle East and Afghanistan.

Critics argued that the government had cynically exploited fears about security and the integrity of national borders to enhance its chances in the impending federal election.

Recent developments regarding highly skilled workers

Section 3.6 of this report has given some details of the workforce characteristics of international migration. It was noted there that there has been an increased focus on skill in selection of permanent migration to Australia. It was shown that while the skill profile of permanent movement out of Australia is slightly higher than that of permanent movement into the country there is a net gain of skilled people through permanent migration. However, significantly higher skill profiles were recorded among temporary business arrivals. The Temporary Business Visa category was introduced in 1996 and as DIMA (2000a, p. 48) points out:

The employer sponsored temporary business visas allow employers to fill skill shortages from overseas and assess new ideas, skills and technology. The visa holders tend to be highly skilled and have relatively high income levels and therefore able to contribute to economic growth through improved productivity and increased demand for goods and services. The entry of managers and skilled specialists under these categories can also enhance Australia’s ability to compete in international markets.

In 1999-2000 a total of 35,006 Temporary Resident Business Visas were granted – an increase of 5.5% over 1998-99. The breakdown of occupations was as follows:

Professionals: 43%
Associate Professionals: 24%
Managers/Administrators: 24%
Trades and Related Workers: 4%
Other: 5%

In fact, the top five specific occupations were computing professionals (12.6%), self employed (10.4), general managers (8.3), accountants (5.1) and chefs (4.4). The main countries of origin are as follows:

United Kingdom: 23%
USA: 10%
India: 8%
South Africa: 7%
Japan: 6%
China: 4%
Canada: 3%
Ireland: 3%
Indonesia: 3%
France: 2%

There are three other categories of skilled temporary residents:

- Temporary Resident Medical Practitioners are recruited to fill 'area of need' positions often for regional and remote areas. In 1999-2000, 2,515 visas were issued – 1,419 principal applicants and 1,096 dependents. The main origins are South Africa (19%), Indonesia (15), UK (14), China (8), Singapore (6), Hong Kong (3), Taiwan (3), USA (3), Malaysia (2) and Germany (2).
- Educational Temporary Resident Visas were granted to 1,700 people to fill academic, teaching and research positions that cannot be filled within the Australian labour market.
- Independent Executives come under a non-sponsored temporary visa that enables a person to enter Australia for the purpose of establishing or buying into a business and managing that business. In 1999-2000, 3937 independent visas were granted. The main countries of origin were South Africa (19%), Indonesia (15), UK (14), China (8), Singapore (6), Hong Kong (3), Taiwan (3), USA (3), Malaysia (3) and Germany (3).

The move toward a more skilled migrant intake is evident in census data relating to overseas-born persons resident in Australia for less than five years. Table 34 shows the educational level of recent migrants at the 1981, 1986 and 1996 censuses. This shows a clear pattern of improvement in the educational profile. It will be noted, however, that the increased shares are concentrated in the degree/diploma sectors – increasing from 14.2% of recent migrant workers in 1981 to 36.5% in 1996. On the other hand, the proportion with certificates fell from 19.7 to 12.1% due to the reduction of the significance of manufacturing in the economy over the last two decades. Because of shifting classification systems it is less possible to show shifts in the occupational profile over the same period. Nevertheless, Table 35 shows the increasing representation of professionals among recent migrant workers.

An increasing proportion of Australia's skilled migrant workers involves onshore approval with persons entering Australia under some other visa category and then applying to settle in the

country. This process has been made easier in recent times for some groups. For example, overseas students who graduate from Australian universities can readily gain entry with their qualifications not having to be assessed. The Assessment of Qualifications of immigrants is an issue of concern. The degree to which there is a formal necessity to have qualifications assessed varies with the type of skill of the immigrant. In some areas (e.g. information technology) there is little professional regulation while in others (e.g. doctors) there is a high level of professional assessment and regulation.

Issues and policy questions regarding skilled migration

Immigration issues are large in Australia, although there are variations from time to time in the particular issues raised and the heat which they generate. The level and nature of skilled migration to Australia is recognised as an important one in the Australian labour market and in national society and politics more generally. In this section we will briefly mention some of the major issues relating to skilled migration which are of contemporary concern in Australia:

Firstly, the balance between family and humanitarian elements of the nation's Immigration Program, on the one hand, and the skilled/economic part of the program is a controversial issue. There has been a major shift in the last five years toward skilled migration. This is not only evident in the Permanent Migration Program but one must add the explosion of temporary migration to the skilled migration side of the balance. There are strong lobby groups in Australia for this change (e.g. governments, national and state, employers etc.) but there are also groups who believe there needs to be a shift back towards family and humanitarian migration (ethnic lobby groups, non-government organisations etc.).

Secondly, there is a debate as to the extent to which an emphasis on skilled migration and an increase in the proportion of the skilled labour force who are overseas-born migrants is being used as a substitute for training the native workforce to adapt to the human resource needs of the economy. This is a longstanding debate in Australia but has gathered importance in recent times. Birrell (2000), for example, has showed how in the rapidly expanding IT area there has not been an adequate training response to the exponential increase in demand. The criticism here is in terms of the nation having an excessive reliance on other countries for the workforce of strategically crucial areas of the economy. Another dimension relates to the failure to give the native population an opportunity to participate in the new economy and their relegation to unemployment or a marginal position in the economy. Ideally, skilled migration should be combined with appropriate expansion of training activities in government policy but many argue that too often skilled migration is used as a substitute for training.

Thirdly, there are important issues relating to recognition of qualifications obtained in other countries. There is a longstanding problem among permanent migrants settling in Australia of people not having their qualifications recognised in Australia by employers, professional associations or governments (e.g. see Kunz 1988). There have been a range of developments to improve the degree in which qualifications obtained overseas can be regarded as equivalent or better to those obtained in Australia (Iredale, 1997). There are considerable variations between particular areas of skill in the extent to which there are requirements for formal recognition of qualifications and the extent to which such recognition is required. For example, there are strong and extensive requirements for medical practitioners while there is less demands placed on IT workers. However, it is important to point out that in the Temporary Migration Stream there is no requirement for qualifications to be recognised. They simply have to be nominated by a future employer.

Fourthly, it is argued by some that foreign-born workers experience discrimination in the labour market. Australia and its states and territories have a strong battery of anti-discrimination legislation. Nevertheless, it is clear that such discrimination can still operate in an informal way so that it is not

readily detectable and able to be directly addressed. As Australia has become more multicultural it would appear that the extent of discrimination has declined.

Fifthly, there are some concerns that under the Temporary Entry Program the workers are tied to the employer who sponsors them. Indeed, there is some evidence that employers are turning away from the Employer Nominated Scheme (ENS) element in the Permanent Settlement Program and using instead the 457 Temporary Entry category to attract skilled workers because under the former workers are not tied to employment with their sponsor and under the latter they are. There is a danger that tied workers can be possibly exploited by employers because of this. There is no evidence of this occurring in Australia, although there is in the United States (Martin and Lowell 2000). There is some concern, too, that such 'tied workers' may be preferred by employers than native workers with the same skills.

Sixthly, there is some concern that training and education in Australia in certain areas in significant demand in the New Economy (e.g. information technology) is being oriented too far toward overseas students and not sufficient places in this training is being provided to Australian students (e.g. see Birrell, 2000). The recent changes to allow foreign students who graduate from Australian universities to stay on and work in Australia are relevant in this context. Certainly, foreign students have concentrated in areas of training which represent parts of the labour market which are expanding rapidly.

Seventhly, there are some concerns raised about the role of recruitment agents in the whole process of attracting foreign skilled workers. There is no doubt that there is increasing competition between destination countries for workers with skills which are particularly in demand. Recently, for example, there has been a scramble to attract Indian IT workers to a range of destinations. This has given an expanded role to intermediaries, migration lawyers, recruitment agents etc. and they have become an increasingly strong lobby group to modify immigration regulations and to ease the entry of skilled immigrants into Australia.

Eighthly, there is an emerging area of concern in Australia which relates to the emigration of skilled workers which was discussed earlier in this paper. A recently introduced Innovation Program announced by the federal government had, as one of its objectives, to stem the flow of skilled young Australians overseas. It has been argued (Hugo et al. 2001) that there is little value in governments attempting to stop recent graduates seeking to work overseas. Indeed, it is argued that this could even be encouraged to allow young Australians to broaden and extend their expertise and experience and indeed expand and strengthen Australia's global linkages, especially in the economic sphere. On the other hand, there may be value in the nation having policies which:

- encourage overseas skilled Australians to maintain strong linkages with Australia;
- bring back skilled Australians later in their careers to contribute to the economic development of the nation.

A final issue relates to the relationship between temporary migration and permanent migration. In Australia there can be no doubt that there has been a policy shift toward non-permanent migration in attracting skilled workers. Certainly to some extent, this reflects the fact that many skilled labour markets are international and a Temporary Migration Program in many ways is better fitted to competing globally for skilled workers in these international labour markets than the longstanding Settlement Migration Program. Moreover, it is clear that some of the non-permanent entrants under the 457 Program eventually decide to stay in Australia and apply for permanent entry. This is certainly the

case in the United States where gaining temporary entry can be part of a deliberate strategy of migrants to eventually achieve permanent settlement (Martin and Lowell, 2000).

However, there are those who suggest that the expansion of the Skilled Worker Temporary Entrant Program has undermined the skilled worker part of the Permanent Settlement Immigration Program. There are definitely perceived advantages to the Temporary Migrant Worker Program in that Australia does not have to pay for the training of the worker and workers who are not needed at the end of their contract can be returned to the place of origin. However, the nation may have other goals in its Immigration Program other than to fill gaps in the labour market and the temporary movement may not contribute toward achieving these goals. Do temporary skilled workers lack commitment to national development, invest in housing and other elements of social infrastructure, do they repatriate their earnings to their home area etc.? This issue becomes of particular importance when nations have 'replacement migration' (United Nations, 2000) goals in their migration programs. That is, in the face of declining and ageing populations in many OECD nations they may be anticipating that migration can offset some of the detrimental effects of a declining workforce and a dependency ratio between the working age and non-working elderly population. Temporary skilled migrants are unlikely to have a major impact in this area, although they certainly will pay taxes while working in Australia and hence contribute toward the support of the older generation. Nevertheless, the bulk of these workers will not bring families with them and will not contribute toward affecting the ageing of the population.

Social interaction

The situation in Australia with respect to social integration of immigrants was discussed in detail in a paper prepared for this meeting in 2000 (Hugo, 2000). This section merely seeks to briefly update the material presented in that paper. Australia's fundamental policy of multiculturalism has not changed in the last twelve months. In updating some of the measures of integration Table 36 shows the changes which have occurred in the Australian labour force according to birthplace in the last 12 months. The workforce has grown by 1.2% among the Australia-born, 1.1% for those born in Non-English Speaking (NES) countries and 1.7% among those born in Mainly English Speaking (MES) nations. Unemployment rates rose for all three groups and were the highest among immigrants from NES origins and participation rates remained lower among immigrants than the Australia-born, especially those from NES backgrounds. Participation rates increased for Australia-born females but declined for the female overseas-born groups and declined for males among the Australia-born but increased for the male overseas-born immigrant groups. The patterns of occupations and industry discussed in the previous report also applied in 2001.

The lower rates of labour force participation and higher unemployment among the NES origin groups is closely related to proficiency in English (Wooden *et al.*, 1994). This is well reflected in Figure 17. It will also be noticed in the diagram that the unemployment rates tends to decline with length of residence in Australia reflecting improved English language knowledge and greater experience and knowledge of the Australian labour market. DIMA (2000a, p. 63) points out that initial high rates of unemployment partly reflect the difficulty experienced by all new entrants to the labour market. There is also a clear difference in the levels of unemployment among different immigrant entry schemes which reflects language ability, skill level and qualifications. Hence Figure 18 shows that unemployment rates are least in the skilled migration scheme, next greatest among family migrants and highest among refugee and humanitarian migrants

Another dimension of adjustment which attracts attention in Australia is the extent to which immigrants use the extensive social security system (Wooden *et al.*, 1994). An analysis made by Birrell and Jupp (DIMA, 2000a, p. 63) found that overall immigrants have lower levels of welfare usage than the Australia-born for each age group. Figure 19 shows that there are variations with the

period of residence. The level varies between birthplace groups and it is highest among immigrants unable to speak English.

A previous report (Hugo, 2000a, p. 19) gave details of citizenship in Australia. Overseas-born persons who gain Australian citizenship have the same rights as the Australia-born and settlers can apply for citizenship after two years residence in Australia. DIMA (2000a, p. 36) reports that there has been a downward trend in citizenship conferrals from a high of 130,312 in 1989-90. There was a drop from 76,474 in 1998-99 to 70,836 in 1999-2000 and DIMA (2000a, p. 32) puts this down to reductions in the immigration intake in the 1990s. While this undoubtedly is true it also reflects an increasing pattern of movement to Australia being of a non-permanent nature. This is especially the case among highly skilled immigrants, many of whom do not see their long-term future in Australia. This is reflected, for example, in the data on movers with Information Technology qualifications discussed in the previous section.

The previous paper (Hugo, 2000a, pp. 23-25) discussed the issue of racism in Australia. There have not been any major developments in this area over the last year. Australia has strong anti-racial vilification and discrimination laws but racism exists nevertheless. One development since the last paper has been in public opinion polls regarding the scale of immigration into Australia. Goot (2000, p. 16) has argued that there has been a discernible shift in attitudes toward immigration in Australia:

Until a couple of years ago, around two-thirds of those interviewed said that immigration levels were too high...surveys conducted in 1998 and 1999, however, suggest that opinion is now more equally divided.

Figure 20 presents data from a range of sources on attitudes to immigration between 1951 and 1999 in Australia and they appear to show a downturn in the numbers who feel that immigration levels are too high. Whether or not this shift is real, however, has been strongly contested by Betts (2000) who argues that quite different methodologies have been used in the recent polls than in previous polls and that one should be wary of comparing results from quite different polls and surveys.

One interesting development over recent years in Australia has been an increase in the numbers of persons who apply for and gain residence in Australia as onshore applicants. Figure 21 shows the levels of onshore applications accepted for immigration have been substantial in the 1990s despite the fact that overall immigration went down. Indeed 1999-2000 saw the second largest number of onshore applicants accepted for immigration with 17,340 being accepted, 15.2% larger than in 1998-99. It will be noted that more than one-half (50.5%) of onshore applications accepted were approved on spouse grounds.

The major issues relating to immigration and settlement which have attracted public debate in the last years related to issues of compliance with immigration regulations and the detention of undocumented immigrants arriving in Australia who are detected by immigration authorities. The government has a policy of detaining all 'non-Australians who are unlawfully in Australia'. These include (DIMA, 2000f):

- People who have overstayed their visas or breached conditions of their visas.
- People who have arrived at airports or by sea without visas,
 - while claims for asylum are processed,
 - while they await repatriation.

There are currently six such detention centres, several in relatively remote parts of Australia, and in March 2000 there were 3,622 people in the detention camps. The numbers in these centres has been around this level throughout 1999 and 2000.

The detention of boat people seeking asylum came under scrutiny in the last 12 months. Many NGOs have criticised the policy, the conditions in the detention camps and the delays in processing the claims for refugee status among the detainees. The detention camps have been in the news due to breakouts, hunger strikes, riots and as yet unsubstantiated accounts of abuse of children by other inmates. Some have argued for open detention of asylum seekers, or at least women and children among them but this is being resisted by the government. The opposition is calling for a judicial inquiry into the detention centres but it is likely that a change in government would still see a retention of the detention centres (an election is due in 2001).

Australia's policy of multiculturalism had its origin in the early 1970s. Australian policy on settlement of immigrants in Australia was assimilationist from the origin of the Australian nation in 1901 until the mid 1960s. It was integrationist for the next decade but in the 1970s the policy of multiculturalism had been established. Australian multiculturalism has been defined by the government as follows (DIMA, 2000g, p. 1):

'Multicultural' is a term that describes the cultural and linguistic diversity of Australian society. It recognises that Australia is, and will remain, a culturally diverse country.

'Australian Multiculturalism' is the term used to describe the public policies that manage the consequences of this diversity in the interests of the individual and society as a whole. The Australian Government is committed to a multicultural policy that recognises the social, cultural and economic benefits of the nation's diversity and seeks to ensure that it is a positive force for Australia.

This policy was restated, developed and refocused in December 1999 when *A New Agenda for Multicultural Australia* was published and this effectively became the government's policy statement about multiculturalism. The agenda (DIMA, 2000g, p. 1):

Emphasises that multicultural policies and programs should be built on the foundation of Australia's democratic system, using the following core principles, to ensure that multicultural Australia continues to flourish for the good of all Australians:

- **civic duty**, which obliges all Australians to support those basic structures and principles of Australian society which guarantee us our freedom and equality and enable diversity in our society to flourish;
- **cultural respect**, which, subject to the law, gives all Australians the right to express their own culture and beliefs and obliges them to accept the right of others to do the same;
- **social equity**, which entitles all Australians to equality of treatment and opportunity so that they are able to contribute to the social, political and economic life of Australia, free from discrimination, including on the grounds of race, culture, religion, language, location, gender or place of birth; and
- **productive diversity**, which maximises for all Australians the significant cultural, social and economic dividends arising from the diversity of our population.

The government's most recent statement on racial tolerance was on 30 October 1996 when (DIMA, 2000g, p. 2):

'The Prime Minister, Mr. Howard, moved a Parliamentary Statement on Racial Tolerance, in the Australian Parliament's House of Representatives. The statement read: 'That this House:

- reaffirms its commitment to the right of all Australians to enjoy equal rights and be treated with equal respect regardless of race, colour, creed or origin;
- reaffirms its commitment to maintaining its immigration policy wholly non-discriminatory on grounds of race, colour, creed or origin;
- reaffirms its commitment to the process of reconciliation with Aboriginal and Torres Strait Islander people, in the context of redressing their profound social and economic disadvantage;
- reaffirms its commitment to maintain Australia as a culturally diverse, tolerant and open society, united by an overriding commitment to our nation and its democratic institutions and values; and
- denounces racial intolerance in any form as incompatible with the kind of society we are and want to be.'

The statement was supported by the Opposition Leader, Kim Beazley, and carried unanimously'.

Policy-making process on immigrants and foreign workers

Australia has a federal government Department of Immigration and Multicultural Affairs (DIMA) which plays the dominant role in the nation in developing policy relating to immigration and settlement in Australia although the ultimate authority is the Parliament of Australia. 'The Migration Act of 1958 and the Migration Regulations set out in detail the migration laws' (DIMA, 2000h, p. 1) which are administered by the Minister of Immigration and Cultural Affairs and the Department. The Migration Act can only be amended if changes are passed by both Houses of the Australian Parliament. DIMA is represented overseas in 62 countries and sees its efforts in the next two years directed to delivering two main outcomes (DIMA, 2000h, p. 1):

- the lawful and orderly entry and stay of people,
- a society which values Australian citizenship, appreciates cultural diversity and enables migrants to participate equitably.

There is a considerable apparatus set up which delivers a wide range of services in Australia and overseas. DIMA has 6 divisions which reflect the range of its activities:

- Migration and Temporary Entry – responsible for planning and administering Australia's annual migrant intake.
- Border Control and Compliance Division – responsible for maintaining the integrity of Australia's borders and for action against people who try to enter Australia unlawfully or fail to comply with visa conditions.

- Refugee and Humanitarian Division – provides advice to governments on size and composition of Refugee and Humanitarian program.
- Multicultural Affairs and Citizenship Division – provides and correlates policy advice and arranges services relating to multicultural affairs, settlement and citizenship.
- Parliamentary and Legal Division.
- Corporate Governance Division.

Each year the government sets planning levels for each of the components of the Migration and Humanitarian programs. These are established after the Minister has consulted with a wide range of stakeholders (state governments, other federal government departments, unions, non-government organisations, ethnic community groups etc.). Usually a consultation is held in each state each year.

The major national government department agencies involved in the decision making⁵ process with respect to migration are as follows:

DIMA – Department of Immigration and Multicultural Affairs.

PM&C – Prime Ministers and Cabinet

FACS – Family and Community Services

HAC – Health and Aged Care

DEWRSB – Employment, Workplace Relations and Small Business

DOFA – Finance and Administrative Services

DFAT – Foreign Affairs and Trade

The Treasury

DEYA – Education and Youth Affairs

The main process involving these groups is an inter-departmental committee chaired by DIMA which meets twice or more in the lead-up to consideration of the annual Migration and Humanitarian programs by the Cabinet. There are also a range of bilateral consultations between DIMA and the individual agencies, especially DFAT on proposed policy changes. There are also consultations with the governments of Australia's six states and two territories through the Ministerial Cabinet of Ministers for Immigration and Multicultural Affairs (MIMA) and through an associated committee of officials from the Commonwealth, States and Territories (SCIMA).

As indicated earlier, the Minister for Immigration and Multicultural Affairs also conducts annual consultations on the Immigration program through issuing a discussion paper, calling for written submissions, holding public meetings in each of the capital cities and a range of regional centres (varying from year to year), the holding of meetings with peak bodies in the immigration area and the holding of on-line discussion forums. The key elements considered include:

- Estimated demand for migration places especially in demand driven categories such as spouses and fiancés and business skills, employer nominated schemes (ENS).

⁵ Much of the material in the remainder of the paper was supplied by Mr. John Ryan of the Department of Immigration and Multicultural Affairs.

- The balance between the skill and family streams.
- Skill shortages in Australia.
- The economic, social and environmental impacts of immigration.

There is also a range of discussions on refugee and humanitarian issues.

APPENDIX A
AUSTRALIA: COUNTRY OF BIRTH, 1986, 1991 AND 1996
FOR LARGEST 150 GROUPS IN 1996

Birthplace	1986	1991	1996	% of overseas- born 1996	Rank 1996
Oceania & Antarctica					
New Zealand	211 670	276 073	291 3881	7.47	2
New Caledonia	1 180	1 253	1 078	0.03	110
Papua New Guinea	21 351	23 716	24 357	0.62	33
Solomon Islands	932	1 094	1 136	0.03	105
Vanuatu	865	869	869	0.02	114
Kiribati		438	403	0.01	134
Nauru	538	551	446	0.01	129
Cook Islands	1 456	2 309	2 997	0.08	80
Fiji	14 757	30 558	37 135	0.95	25
French Polynesia		268	266	0.01	149
Niue		248	357	0.01	138
Samoa, Western	2 983	5 742	9 867	0.25	56
Tonga	4 476	6 168	7 068	0.18	66
Europe & USSR					
Europe and the former USSR nfd			527	0.01	127
UK & Ireland					
United Kingdom & Ireland nfd		920	1 038	0.03	111
England	880 848	909 043	872 065	22.35	1
Scotland	149 135	156 638	146 257	3.75	5
Wales	27 213	27 956	27 493	0.70	30
Northern Ireland	25 852	25 034	23 015	0.59	36
Channel Islands		2 074	1 970	0.05	93
Isle of Man		747	676	0.02	122
Republic of Ireland	44 100	52 373	51 462	1.32	18
Southern Europe					
Albania	1 130	988	1 123	0.03	107
Cyprus	23 645	22 212	20 667	0.53	38
Gibraltar		412	408	0.01	132
Greece	137 640	136 327	126 524	3.24	6
Italy	261 877	254 780	238 216	6.11	3
Malta	56 232	53 838	50 871	1.30	19
Portugal	14 914	18 001	17 135	0.44	42
Spain	16 266	14 708	13 592	0.35	49
Former Yugoslavia nfd					
Bosnia-Herzegovina			56 978	1.46	16
Croatia			13 614	0.35	48
Fmr Yslav Rep Macedonia			47 015	1.20	21
Slovenia			42 181	1.08	24
Fmr Yslav Rep Serbia/Montenegro			6 671	0.17	67
			9 015	0.23	60
Western Europe					
Austria	22 622	22 118	20 570	0.53	39
Belgium	4 550	4 759	4 711	0.12	76
France	14 873	15 890	16 064	0.41	45
Germany, Federal Republic of	114 806	114 915	110 332	2.83	8
Netherlands	95 099	95 818	87 898	2.25	10
Switzerland	8 702	9 888	9 963	0.26	54

Birthplace	1986	1991	1996	% of overseas- born 1996	Rank 1996
Northern Europe					
Denmark	8 622	9 368	8 976	0.23	61
Finland	9 085	9 110	8 624	0.22	63
Iceland		358	371	0.01	136
Sweden	5 142	6 009	6 072	0.16	69
Eastern Europe					
Bulgaria	1 742	1 764	2 252	0.06	90
Czech Republic			5 968	0.15	70
Former Czechoslovakia nfd			9 148	0.23	59
Hungary	27 203	27 176	25 301	0.65	31
Poland	67 674	68 931	65 119	1.67	15
Romania	8 114	11 328	12 282	0.31	51
Slovak Republic			2 192	0.06	91
Former USSR & Baltic States					
Former USSR & Baltic States nfd			4 469	0.11	77
Armenia		396	770	0.02	118
Belarus			899	0.02	113
Estonia	3 894	3 381	2 839	0.07	81
Latvia	10 776	9 322	8 040	0.21	65
Lithuania	5 346	4 588	4 222	0.11	78
Moldova		19	317	0.01	142
Russian Federation		8 365	14 114	0.36	46
Ukraine	10 466	9 051	13 460	0.34	50
Uzbekistan		3	257	0.01	150
Middle East & North Africa					
Middle East					
Middle East nfd		2 255	583	0.01	126
Bahrain		494	590	0.02	125
West Bank/Gaza Strip		36	2 540	0.07	87
Iran	7 497	12 914	16 244	0.42	44
Iraq	4 516	5 194	14 027	0.36	47
Israel	7 003	6 517	6 234	0.16	68
Jordan		2 176	2 831	0.07	82
Kuwait		924	1 599	0.04	96
Lebanon	56 337	69 014	70 237	1.80	13
Saudi Arabia		615	1 136	0.03	106
Syria	3 863	5 348	5 936	0.15	71
Turkey	24 526	27 880	28 860	0.74	29
United Arab Emirates		583	904	0.02	112
Yemen		226	275	0.01	147
North Africa					
North Africa nfd		298	277	0.01	146
Algeria		677	770	0.02	119
Egypt	30 633	33 214	34 139	0.87	26
Libya		1 266	1 280	0.03	100
Morocco		991	1 099	0.03	108
Sudan		1 259	2 397	0.06	88
Tunisia		419	443	0.01	130
Asia					
South East Asia					
Brunei		1 643	1 842	0.05	95
Cambodia	13 237	17 643	21 542	0.55	37
Indonesia	17 721	33 254	44 157	1.13	23
Laos	7 427	9 646	9 900	0.25	55
Malaysia	47 802	72 566	76 221	1.95	12
Burma (Myanmar)	7 610	8 266	10 123	0.26	53
Philippines	33 727	73 673	92 933	2.38	9
Singapore	16 434	24 557	29 503	0.76	28
Thailand	6 992	14 023	18 936	0.49	41
Vietnam	83 048	122 325	151 085	3.87	4

Birthplace	1986	1991	1996	% of overseas- born1996	Rank 1996
North East Asia					
China (excl Taiwan Province)	37 469	78 835	110 987	2.84	7
Hong Kong	28 293	58 955	68 437	1.75	14
Japan	11 191	25 979	23 047	0.59	35
Korea, Republic of	9 285	20 901	30 067	0.77	27
Macau	*	1 725	1 937	0.05	94
Taiwan (Province of China)	2 055	13 025	19 574	0.50	40
Southern Asia					
Afghanistan		2 726	5 826	0.15	72
Bangladesh	1 212	2 339	5 063	0.13	74
India	47 816	61 602	77 522	1.99	11
Nepal		417	1 483	0.04	98
Pakistan	3 605	5 974	8 354	0.21	64
Sri Lanka	22 516	37 318	47 000	1.20	22
America					
North America					
Bermuda		362	364	0.01	137
Canada	20 435	24 109	25 130	0.64	32
United States of America	42 381	50 561	49 526	1.27	20
South America					
South America nfd		1 009	783	0.02	117
Argentina	9 196	10 660	10 769	0.28	52
Bolivia		507	595	0.02	124
Brazil	2 005	2 977	3 356	0.09	79
Chile	18 738	24 186	23 805	0.61	34
Colombia	1 687	2 116	2 682	0.07	83
Ecuador	1 007	1 084	1 245	0.03	102
Guyana		426	514	0.01	128
Paraguay		280	285	0.01	145
Peru	2 323	3 795	4 889	0.13	75
Uruguay	9 586	9 679	9 692	0.25	58
Venezuela		605	811	0.02	116
Central America					
Costa Rica		237	311	0.01	143
El Salvador	2 106	8 739	9 863	0.25	57
Mexico	677	815	868	0.02	115
Nicaragua		720	745	0.02	120
The Caribbean					
The Caribbean nfd		520	290	0.01	144
Barbados		306	331	0.01	141
Cuba		371	406	0.01	133
Jamaica		672	724	0.02	121
Trinidad and Tobago		936	1 083	0.03	109
Africa					
Central & West Africa					
Ghana		998	1 478	0.04	99
Nigeria		966	1 267	0.03	101
Zaire		260	335	0.01	140

Birthplace	1986	1991	1996	% of overseas-born 1996	Rank 1996
Southern & East Africa					
Southern & East Africa nfd		826	641	0.02	123
Angola		328	345	0.01	139
Kenya	4 170	4 724	5 289	0.14	73
Malawi		364	390	0.01	135
Mauritius	13 086	16 882	17 073	0.44	43
Mozambique		391	422	0.01	131
Namibia		264	270	0.01	148
Seychelles		2 610	2 557	0.07	86
Somalia		357	2 045	0.05	92
South Africa	37 058	49 383	55 717	1.43	17
Tanzania		1 432	1 525	0.04	97
Uganda		930	1 164	0.03	103
Zambia		2 333	2 561	0.07	85
Zimbabwe	6 479	8 352	8 947	0.23	62
Eritrea			1 143	0.03	104
Ethiopia			2 341	0.06	89
Australia	12 110	12 725	13 227		
	456	162	775		
Inadequately described		2 863	6 190		
At sea		205	180		
Not stated	244 318	368 776	616 840		
Total	15 602	16 850	17 752		
	156	334	882		

* Included with Hong Kong in 1986.

Source: ABS 1986, 1991 and 1996 Censuses.

APPENDIX B: MOVEMENTS BETWEEN ASIAN COUNTRIES AND AUSTRALIA, 1994-2000

Years 1994-95 Birthplace		Movement Category										Total
		Settler arrivals	LT resident arrivals	LT visitor arrivals	ST resident arrivals	ST visitor arrivals	Permanent departures	LT resident departure	LT visitor departure	ST resident departure	ST visitor departure	Total
Brunei	No. %	38 0.1	46 0.4	207 0.5	715 0.2	3448 0.2	5 0.5	58 0.6	107 0.4	1054 0.3	3426 0.2	9104 0.2
Cambodia	No. %	1356 4.2	43 0.3	70 0.2	2545 0.8	1781 0.1	12 0.6	31 0.3	18 0.1	3685 1.1	1621 0.1	11162 0.3
Indonesia	No. %	1013 3.1	517 4.0	5656 13.6	14552 4.8	113923 6.7	122 8.7	323 3.3	3156 11.2	15531 4.6	110889 6.5	265683 6.4
Laos	No. %	87 0.3	31 0.2	98 0.2	1957 0.6	630 0.0	18 1.3	24 0.2	65 0.2	2028 0.6	664 0.0	5602 0.1
Malaysia	No. %	1107 3.4	1683 13.0	5713 13.7	43096 14.1	114203 6.7	192 14.3	1417 14.6	2933 10.4	44556 13.3	116163 6.9	331064 7.9
Myanmar	No. %	598 1.8	58 0.4	83 0.2	2364 0.8	1410 0.1	7 0.5	52 0.5	52 0.2	2460 0.7	1424 0.1	8508 0.2
Philippines	No. %	4116 12.7	579 4.5	695 1.7	27741 9.1	26689 1.6	172 10.3	455 4.7	941 3.3	27777 8.3	26076 1.5	115241 2.8
Singapore	No. %	650 2.0	667 5.2	4543 10.9	13962 4.6	151736 8.9	79 5.8	565 5.8	1210 4.3	14871 4.4	153055 9	341337 8.2
Thailand	No. %	799 2.5	239 1.8	1771 4.2	5567 1.8	72360 4.2	74 5.4	184 1.9	1411 5	5912 1.8	71968 4.2	160286 3.8
Vietnam	No. %	5097 15.7	461 3.6	616 1.5	31427 10.3	8144 0.5	268 18.2	305 3.1	473 1.7	34870 10.4	7130 0.4	88792 2.1
China	No. %	3708 11.5	1369 10.6	2798 6.7	41932 13.7	81888 4.8	703 45.7	1176 12.1	3754 13.3	47614 14.2	71043 4.2	255985 6.1
Hong Kong	No. %	4135 12.8	4539 35.1	4042 9.7	45281 14.8	73409 4.3	671 49.9	3131 32.3	2876 10.2	51597 15.4	75024 4.4	264705 6.3
Japan	No. %	527 1.6	226 1.7	7350 17.6	5876 1.9	744990 43.5	73 4.8	219 2.3	5761 20.5	8530 2.5	740317 43.7	1513868 36.3

Source: DIMA Overseas Arrivals and Departures (OAD) Data.

Years 1994-95 Birthplace		Movement Category											Total
		Settler arrivals	LT resident arrivals	LT visitor arrivals	ST resident arrivals	ST visitor arrivals	Permanent departures	LT resident departure	LT visitor departure	ST resident departure	ST visitor departure	Total	
Korea-People Rep	No.					77	0					18	94
	%					0.0	0.0					0.0	0.0
Korea-Republic of	No.	666	225	3094	7417	139567	108	191	2523	9225	136329	299345	
	%	2.1	1.7	7.4	2.4	8.2	6.9	2.0	9.0	2.8	8.0	7.2	
Macao	No.	68	78	77	1400	2573	21	58	50	1812	2697	8834	
	%	0.2	0.6	0.2	0.5	0.2	1.6	0.6	0.2	0.5	0.2	0.2	
Mongolia	No.	1		29		125	0		3	10	103	271	
	%	0.0		0.1		0.0	0.0		0.0	0.0	0.0	0.0	
Taiwan	No.	794	511	1768	19276	136121	170	231	1107	20392	139776	320147	
	%	2.5	4.0	4.2	6.3	8.0	11.5	2.4	3.9	6.1	8.2	7.7	
Afghanistan	No.	392	17	2	813	190	14	14	6	732	278	2459	
	%	1.2	0.1	0.0	0.3	0.0	0.6	0.1	0.0	0.2	0	0.1	
Bangladesh	No.	709	78	196	960	926	16	75	115	1052	897	5023	
	%	2.2	0.6	0.5	0.3	0.1	0.7	0.8	0.4	0.3	0.1	0.1	
Bhutan	No.		2	11		69	0		9		61	151	
	%		0.0	0.0		0.0	0.0		0.0		0.0	0.0	
India	No.	3908	918	1648	24194	25858	134	670	800	23454	25236	106820	
	%	12.1	7.1	4.0	7.9	1.5	8.8	6.9	2.8	7.0	1.5	2.6	
Maldives	No.	2		80	2	289	0	1	29	54	327	784	
	%	0.0		0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	
Nepal	No.	54	11	276	140	561	1	7	77	92	456	1674	
	%	0.2	0.1	0.7	0.0	0.0	0.0	0.1	0.3	0.0	0.0	0.0	
Pakistan	No.	598	135	293	1880	2925	15	118	243	2225	2541	10973	
	%	1.8	1.0	0.7	0.6	0.2	0.9	1.2	0.9	0.7	0.1	0.3	
Sri Lanka	No.	1953	496	591	12694	8304	43	394	409	15162	6938	46984	
	%	6.0	3.8	1.4	4.2	0.5	2.9	4.1	1.5	4.5	0.4	1.1	
Total	No.	32376	12929	41707	305792	1712195	2918	9699	28128	334694	1694457	4174896	
	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Years 1995-96

Movement Category

Birthplace	Settler arrivals	Movement Category						Total						
		LT resident arrivals	LT visitor arrivals	ST resident arrivals	ST visitor arrivals	Permanent departures	LT resident departure		LT visitor departure	ST resident departure	ST visitor departure			
SE Asia nfd	No.													
	%													
Brunei	No.	29	59	269	712	3559	15	50	126	1304	3148			
	%	0.1	0.5	0.5	0.2	0.2	0.6	0.5	0.4	0.3	0.2			
Cambodia	No.	1357	30	76	2553	1610	28	19	45	2317	1756			
	%	3.4	0.2	0.2	0.7	0.1	1.7	0.2	0.1	0.6	0.1			
Indonesia	No.	1793	536	6840	16719	136171	122	366	3747	17304	135340			
	%	4.5	4.1	13.7	4.6	6.8	8.2	3.7	12.4	4.5	6.8			
Laos	No.	63	37	114	2321	832	23	36	83	2383	939			
	%	0.2	0.3	0.2	0.6	0.0	1.4	0.4	0.3	0.6	0			
Malaysia	No.	1081	1705	6996	46457	133919	195	1482	3097	47200	135120			
	%	2.7	13.1	14	12.8	6.7	12.7	15.1	10.2	12.4	6.8			
Myanmar	No.	448	59	89	3028	1857	10	48	57	2238	1748			
	%	1.1	0.5	0.2	0.8	0.1	0.9	0.5	0.2	0.6	0.1			
Philippines	No.	3232	648	722	28972	34944	180	483	1018	29405	32773			
	%	8.2	5.0	1.4	8.0	1.7	11.1	4.9	3.4	7.7	1.7			
Singapore	No.	841	626	5320	16145	166568	85	599	1440	18430	167654			
	%	2.1	4.8	10.6	4.5	8.3	5.8	6.1	4.7	4.8	8.4			
Thailand	No.	736	248	2121	6357	78284	104	210	1603	6184	77411			
	%	1.9	1.9	4.2	1.8	3.9	7.2	2.1	5.3	1.6	3.9			
Vietnam	No.	3567	473	875	37556	9495	265	317	699	33166	8859			
	%	9.0	3.6	1.8	10.4	0.5	16.1	3.2	2.3	8.7	0.4			
China	No.	11247	1660	3325	50114	102018	760	1221	3189	53868	87972			
	%	28.5	12.7	6.7	13.8	5.1	46.0	12.4	10.5	14.1	4.4			
Hong Kong	No.	4361	4202	4680	65549	110847	783	3007	2745	75881	115206			
	%	11	32.2	9.4	18.1	5.5	49.0	30.6	9.1	19.9	5.8			
Japan	No.	593	268	7398	9784	816509	91	234	5929	9094	818725			
	%	1.5	2.1	14.8	2.7	40.9	5.5	2.4	19.5	2.4	41.2			
Korea-Dem people	No.						0		2		72			
	%						0.0		0.0		0.0			

Korea-Republic of	No.	704	233	4177	9527	199216	113	208	3117	10650	194099	422044
	%	1.8	1.8	8.4	2.6	10.0	7.0	2.1	10.3	2.8	9.8	8.7
Macao	No.	124	72	88	1083	2358	21	51	63	1699	2352	7910
	%	0.3	0.6	0.2	0.3	0.1	1.3	0.5	0.2	0.4	0.1	0.2
Mongolia	No.	1		55		198	0		6		188	448
	%	0		0.1		0.0	0.0		0.0		0.0	0.0
Taiwan	No.	1638	671	2275	22233	148475	219	231	1276	22783	154873	354673
	%	4.1	5.1	4.6	6.1	7.4	15.2	2.3	4.2	6	7.8	7.3
Afghanistan	No.	636	23	6	638	450	9	5	9	535	236	2548
	%	1.6	0.2	0	0.2	0	0.4	0.1	0	0.1	0	0.1
Bangladesh	No.	759	94	244	1464	1651	3	71	126	1709	1345	7466
	%	1.9	0.7	0.5	0.4	0.1	0.2	0.7	0.4	0.4	0.1	0.2
Bhutan	No.			19		74	0		4		59	156
	%			0.0		0.0	0.0		0.0		0.0	0.0
India	No.	3700	751	2616	24816	33159	117	684	1093	28386	31203	126525
	%	9.4	5.8	5.2	6.8	1.7	6.3	7.0	3.6	7.4	1.6	2.6
Maldives	No.		2	93	4	220	0		32	1	242	593
	%		0.0	0.2	0.0	0.0	0.0		0.1	0.0	0.0	0.0
Nepal	No.	60	24	356	136	921	0	15	137	286	698	2633
	%	0.2	0.2	0.7	0.0	0.0	0.0	0.2	0.5	0.1	0	0.1
Pakistan	No.	603	121	381	2520	4210	12	85	272	2818	3633	14654
	%	1.5	0.9	0.8	0.7	0.2	0.8	0.9	0.9	0.7	0.2	0.3
Sri Lanka	No.	1951	506	830	14058	10853	41	411	415	13936	9290	52290
	%	4.9	3.9	1.7	3.9	0.5	2.7	4.2	1.4	3.7	0.5	1.1
Total	No.	39524	13048	49965	362743	1998412	3196	9833	30330	381575	1984940	4873567
	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Years 1996-97

Movement Category

Birthplace	Settler arrivals	LT resident arrivals	LT visitor arrivals	ST resident arrivals	ST visitor arrivals	Permanent departures	LT resident departure	LT visitor departure	ST resident departure	ST visitor departure	Total
Brunei	No. 44 % 0.1	No. 54 % 0.4	No. 320 % 0.6	No. 1146 % 0.3	No. 3908 % 0.2	No. 7 % 0.7	No. 48 % 0.4	No. 105 % 0.3	No. 1034 % 0.3	No. 3871 % 0.2	No. 10538 % 0.2
Cambodia	No. 800 % 2.5	No. 37 % 0.3	No. 117 % 0.2	No. 2237 % 0.6	No. 1784 % 0.1	No. 29 % 1.7	No. 39 % 0.4	No. 104 % 0.3	No. 2899 % 0.7	No. 1651 % 0.1	No. 9697 % 0.2
Indonesia	No. 1750 % 5.5	No. 586 % 4.5	No. 8202 % 14.4	No. 18247 % 4.7	No. 151873 % 7.2	No. 151 % 9.2	No. 402 % 3.8	No. 4418 % 12.3	No. 19397 % 4.7	No. 152876 % 7.3	No. 357902 % 6.9
Laos	No. 43 % 0.1	No. 42 % 0.3	No. 117 % 0.2	No. 2194 % 0.6	No. 989 % 0.0	No. 13 % 0.6	No. 41 % 0.4	No. 91 % 0.3	No. 1888 % 0.5	No. 1142 % 0.1	No. 6561 % 0.1
Malaysia	No. 1056 % 3.3	No. 1700 % 13.1	No. 7764 % 13.6	No. 49816 % 12.9	No. 148293 % 7.1	No. 190 % 10.8	No. 1636 % 15.3	No. 3519 % 9.8	No. 50555 % 12.3	No. 151059 % 7.2	No. 415588 % 8.1
Myanmar	No. 394 % 1.2	No. 53 % 0.4	No. 110 % 0.2	No. 2336 % 0.6	No. 1681 % 0.1	No. 11 % 0.5	No. 57 % 0.5	No. 64 % 0.2	No. 2751 % 0.7	No. 1455 % 0.1	No. 8912 % 0.2
Philippines	No. 2808 % 8.8	No. 581 % 4.5	No. 743 % 1.3	No. 30719 % 8.0	No. 41462 % 2.0	No. 207 % 10.1	No. 518 % 4.8	No. 1344 % 3.7	No. 29846 % 7.3	No. 36176 % 1.7	No. 144404 % 2.8
Singapore	No. 925 % 2.9	No. 642 % 4.9	No. 5526 % 9.7	No. 16812 % 4.4	No. 170985 % 8.1	No. 95 % 6.3	No. 728 % 6.8	No. 1636 % 4.6	No. 17268 % 4.2	No. 175155 % 8.3	No. 389772 % 7.6
Thailand	No. 571 % 1.8	No. 258 % 2.0	No. 2459 % 4.3	No. 7716 % 2.0	No. 82007 % 3.9	No. 79 % 4.6	No. 181 % 1.7	No. 1924 % 5.4	No. 7263 % 1.8	No. 81543 % 3.9	No. 184002 % 3.6
Vietnam	No. 2966 % 9.2	No. 444 % 3.4	No. 1066 % 1.9	No. 39987 % 10.3	No. 10578 % 0.5	No. 308 % 16.4	No. 358 % 3.3	No. 938 % 2.6	No. 40291 % 9.8	No. 10650 % 0.5	No. 107585 % 2.1
China	No. 7761 % 24.2	No. 1886 % 14.5	No. 3853 % 6.7	No. 51115 % 13.2	No. 112608 % 5.4	No. 798 % 43.6	No. 1281 % 11.9	No. 3913 % 10.9	No. 55336 % 13.5	No. 101938 % 4.8	No. 340489 % 6.6
Hong Kong	No. 3894 % 12.1	No. 3944 % 30.4	No. 5261 % 9.2	No. 65523 % 17.0	No. 110773 % 5.3	No. 955 % 54.6	No. 3232 % 30.1	No. 3032 % 8.5	No. 83783 % 20.5	No. 126008 % 6.0	No. 406405 % 7.9
Japan	No. 485 % 1.5	No. 278 % 2.1	No. 8295 % 14.5	No. 9073 % 2.3	No. 805260 % 38.3	No. 96 % 5.2	No. 232 % 2.2	No. 5912 % 16.5	No. 9395 % 2.3	No. 806167 % 38.3	No. 1645194 % 31.9
Korea-Dem people	No. 707 % 2.2	No. 264 % 2.0	No. 5480 % 9.6	No. 10136 % 2.6	No. 255501 % 12.2	No. 101 % 4.8	No. 244 % 2.3	No. 4058 % 11.3	No. 11549 % 2.8	No. 250758 % 11.9	No. 538799 % 10.4
Korea-Republic of	No. 707 % 2.2	No. 264 % 2.0	No. 5480 % 9.6	No. 10136 % 2.6	No. 255501 % 12.2	No. 101 % 4.8	No. 244 % 2.3	No. 4058 % 11.3	No. 11549 % 2.8	No. 250758 % 11.9	No. 538799 % 10.4
Korea-Dem people	No. 707 % 2.2	No. 264 % 2.0	No. 5480 % 9.6	No. 10136 % 2.6	No. 255501 % 12.2	No. 101 % 4.8	No. 244 % 2.3	No. 4058 % 11.3	No. 11549 % 2.8	No. 250758 % 11.9	No. 538799 % 10.4
Korea-Republic of	No. 707 % 2.2	No. 264 % 2.0	No. 5480 % 9.6	No. 10136 % 2.6	No. 255501 % 12.2	No. 101 % 4.8	No. 244 % 2.3	No. 4058 % 11.3	No. 11549 % 2.8	No. 250758 % 11.9	No. 538799 % 10.4

Years 1996-97

Movement Category

Birthplace	Settler arrivals		LT resident arrivals		LT visitor arrivals		ST resident arrivals		ST visitor arrivals		Permanent departures		LT resident departure		LT visitor departure		ST resident departure		ST visitor departure		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
Macao	97	0.3	80	0.6	104	0.2	1459	0.4	2604	0.1	25	1.5	53	0.5	59	0.2	2081	0.5	2988	0.1	9550	
																						0.2
Mongolia	1	0.0	1	0.0	37	0.1	1459	0.4	432	0.0	0	0.0	53	0.5	36	0.1	1	0.0	412	0.0	920	
																						0.0
Taiwan	2180	6.8	568	4.4	2505	4.4	24493	6.3	147025	7.0	261	15.4	314	2.9	1561	4.4	23707	5.8	150391	7.1	353004	
																						6.8
Afghanistan	350	1.1	23	0.2	4	0.0	969	0.3	296	0.0	9	0.7	8	0.1	11	0.0	1128	0.3	388	0.0	3187	
																						0.1
Bangladesh	481	1.5	137	1.1	180	0.3	2030	0.5	1432	0.1	7	0.3	97	0.9	155	0.4	1929	0.5	1473	0.1	7921	
																						0.2
Bhutan					11	0.0			54	0.0	0	0.0			11	0.0			73	0.0	149	
																						0.0
India	2681	8.4	743	5.7	3132	5.5	31166	8.1	37470	1.8	147	7.4	749	7.0	1701	4.7	27758	6.8	36479	1.7	142026	
																						2.8
Maldives	2	0.0	1	0.0	126	0.2	71	0.0	248	0.0	0	0.0	1	0.0	32	0.1	2	0.0	319	0.0	802	
																						0.0
Nepal	50	0.2	10	0.1	346	0.6	98	0.0	920	0.0	7	0.4	5	0.0	210	0.6	160	0.0	739	0.0	2545	
																						0.0
Pakistan	623	1.9	157	1.2	550	1.0	2930	0.8	4039	0.2	27	1.5	109	1.0	346	1.0	2855	0.7	3377	0.2	15014	
																						0.3
Sri Lanka	1415	4.4	494	3.8	833	1.5	16093	4.2	10541	0.5	64	3.7	387	3.6	686	1.9	16641	4.1	9459	0.4	56613	
																						1.1
Total	32084	100.0	12983	100.0	57141	100.0	386368	100.0	2102818	100.0	3587	100.0	10720	100.0	35868	100.0	409517	100.0	2106623	100.0	5157709	
																						100.0

Years 1997-98

Movement Category

Birthplace	Settler arrivals		LT resident arrivals		LT visitor arrivals		ST resident arrivals		ST visitor arrivals		Permanent departures		LT resident departure		LT visitor departure		ST resident departure		ST visitor departure		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
Brunei	27	0.1	52	0.4	295	0.5	1151	0.3	3784	0.2	14	0.7	76	0.7	150	0.4	943	0.2	4029	0.2	10521	
Cambodia	505	2.0	68	0.5	133	0.2	3600	0.9	2696	0.1	41	1.9	64	0.6	98	0.2	4096	1.0	2913	0.2	14214	
Indonesia	1917	7.6	809	5.6	8448	14.2	21880	5.5	106744	5.6	219	12	350	3.2	4626	10.8	21669	5.3	111684	5.8	278346	
Laos	30	0.1	52	0.4	101	0.2	1985	0.5	982	0.1	25	1.1	40	0.4	134	0.3	2193	0.5	923	0.0	6465	
Malaysia	931	3.7	1814	12.6	7003	11.7	50909	12.8	136191	7.2	190	9.6	1579	14.2	3659	8.6	49856	12.3	137024	7.2	389155	
Myanmar	170	0.7	49	0.3	113	0.2	3161	0.8	1389	0.1	14	0.5	53	0.5	96	0.2	2999	0.7	1811	0.1	9855	
Philippines	2769	11	693	4.8	929	1.6	31920	8.0	41810	2.2	197	8.9	536	4.8	2082	4.9	33267	8.2	37584	2.0	151787	
Singapore	694	2.7	707	4.9	5553	9.3	17227	4.3	189547	10	84	4.5	736	6.6	1768	4.1	17760	4.4	195729	10.2	429806	
Thailand	346	1.4	290	2	2236	3.7	6654	1.7	39946	2.1	94	3.8	193	1.7	2135	5.0	7076	1.7	40137	2.1	99108	
Vietnam	2311	9.2	560	3.9	1240	2.1	41238	10.3	13095	0.7	374	16.8	417	3.8	1165	2.7	38058	9.4	11200	0.6	109658	
China	4338	17.2	2222	15.5	4754	8.0	61068	15.3	118157	6.2	1054	48.6	1338	12.0	4995	11.7	59933	14.7	108320	5.7	366179	
Hong Kong	3194	12.7	3999	27.8	5400	9.1	58508	14.7	93954	4.9	1023	50.8	3175	28.6	3407	8.0	61715	15.2	96117	5.0	330492	
Japan	508	2	268	1.9	8232	13.8	10428	2.6	800051	42.1	115	6.2	264	2.4	6919	16.2	9659	2.4	806149	42.2	1642592	
Korea-Dem people	No.								52	0											52	
	%								0.0	0.0											0.0	
Korea-Republic of	596	2.4	346	2.4	5285	8.9	10988	2.8	136385	7.2	127	5.7	223	2.0	5186	12.1	10861	2.7	138945	7.3	308942	
	%																				6.5	

Macao	No.	57	86	100	1530	2492	23	52	65	2189	2626	9220
	%	0.2	0.6	0.2	0.4	0.1	1.1	0.5	0.2	0.5	0.1	0.2
Mongolia	No.	3		44		274	0		47		332	699
	%	0.0		0.1		0.0	0.0		0.1		0.0	0.0
Taiwan	No.	1518	756	2452	24405	150917	261	397	1754	27756	156611	366827
	%	6	5.3	4.1	6.1	7.9	14.2	3.6	4.1	6.8	8.2	7.7
Afghanistan	No.	524	26	11	1234	301	10	16	19	1006	523	3670
	%	2.1	0.2	0.0	0.3	0.0	0.5	0.1	0.0	0.2	0.0	0.1
Bangladesh	No.	282	102	267	1973	1745	18	102	226	2505	1585	8805
	%	1.1	0.7	0.4	0.5	0.1	0.6	0.9	0.5	0.6	0.1	0.2
Bhutan	No.	8		15	20	50	0		9	25	72	199
	%	0		0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
India	No.	2786	801	4719	30107	44618	180	896	2397	31765	42523	160791
	%	11.0	5.6	7.9	7.5	2.3	8.7	8.1	5.6	7.8	2.2	3.4
Maldives	No.	1	1	123	60	282	0		43	1	353	863
	%	0.0	0.0	0.2	0.0	0.0	0.0		0.1	0.0	0.0	0.0
Nepal	No.	36	12	332	235	847	2	8	295	220	695	2682
	%	0.1	0.1	0.6	0.1	0	0.1	0.1	0.7	0.1	0	0.1
Pakistan	No.	435	150	848	3127	5114	26	113	445	3646	4174	18078
	%	1.7	1	1.4	0.8	0.3	1.5	1.0	1.0	0.9	0.2	0.4
Sri Lanka	No.	1261	497	1003	15667	10701	51	483	994	17507	9440	57604
	%	5.0	3.5	1.7	3.9	0.6	2.3	4.3	2.3	4.3	0.5	1.2
Total	No.	25247	14360	59636	399075	1902122	4142	11111	42714	406706	1911498	4776611
	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Years 1998-99

Movement Category

Birthplace	Settler arrivals	LT resident arrivals		LT visitor arrivals		ST resident arrivals		ST visitor arrivals		Permanent departures		LT resident departure		LT visitor departure		ST resident departure		ST visitor departure		Total
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
Brunei	39	49	0.4	280	0.5	768	0.2	3729	0.2	16	0.3	68	0.6	44	0.1	1092	0.3	3589	0.2	9673
		0.1																		
Cambodia	322	64	0.5	146	0.2	5284	1.2	2866	0.2	62	2.1	60	0.6	144	0.5	6019	1.4	2921	0.2	17888
		1.2																		
Indonesia	2491	552	4.2	8891	14.3	22433	5.3	88505	5.0	336	13.7	318	3.0	2875	9.8	23224	5.4	89769	5	239394
		9.2																		
Laos	41	36	0.3	136	0.2	2658	0.6	1299	0.1	23	2.4	44	0.4	87	0.3	2854	0.7	1402	0.1	8581
		0.2																		
Malaysia	1296	1298	9.9	5986	9.7	53684	12.6	137635	7.8	291	10.1	1457	13.8	2143	7.3	51017	11.8	143415	8.0	398223
		4.8																		
Myanmar	142	51	0.4	144	0.2	3424	0.8	2101	0.1	10	0.2	56	0.5	78	0.3	2521	0.6	1580	0.1	10107
		0.5																		
Philippines	3318	548	4.2	1186	1.9	33337	7.8	43302	2.4	183	4.3	464	4.4	2001	6.8	31960	7.4	39548	2.2	155847
		12.2																		
Singapore	650	602	4.6	6027	9.7	17691	4.1	170669	9.6	143	4.6	664	6.3	742	2.5	19851	4.6	178333	10	395372
		2.4																		
Thailand	498	226	1.7	2357	3.8	8336	2.0	51700	2.9	109	4.8	198	1.9	1626	5.5	9999	2.3	50942	2.9	125992
		1.8																		
Vietnam	2137	353	2.7	1359	2.2	47429	11.1	14304	0.8	455	15.9	504	4.8	1153	3.9	50395	11.7	12682	0.7	130771
		7.9																		
China	6133	2180	16.7	6853	11.1	68347	16	118583	6.7	1427	38.3	1358	12.9	5136	17.4	67595	15.7	112730	6.3	390342
		22.6																		
Hong Kong	1918	4165	31.9	5600	9.0	54288	12.7	87030	4.9	1375	50.9	2807	26.6	1721	5.8	57827	13.4	94789	5.3	311521
		7.1																		
Japan	578	212	1.6	7613	12.3	10918	2.6	735594	41.6	118	3.1	297	2.8	3283	11.1	9606	2.2	742269	41.6	1510488
		2.1																		
Korea-Dem people		2	0.0	2	0.0	275	0.1	54	0.0	0	0.0	6	0.1			212	0.0	110	0.0	661
		0.0																		
Korea-Republic of	627	239	1.8	4335	7.0	11059	2.6	89551	5.1	211	10.6	254	2.4	3150	10.7	11086	2.6	87829	4.9	208341
		2.3																		

Macao	No.	56	84	109	1334	2943	26	31	1863	2796	9273
	%	0.2	0.6	0.2	0.3	0.2	0.5	0.3	0.1	0.4	0.2
Mongolia	No.	1		38		183	0		47	2	501
	%	0.0		0.1		0.0	0.0		0.2	0.0	0.0
Taiwan	No.	1556	955	2487	26646	148925	516	397	921	25497	151834
	%	5.7	7.3	4.0	6.2	8.4	28.6	3.8	3.1	5.9	8.5
Afghanistan	No.	767	16	7	1222	906	8	13	25	1162	664
	%	2.8	0.1	0.0	0.3	0.1	0.1	0.1	0.1	0.3	0.0
Bangladesh	No.	419	122	418	1992	2266	19	91	168	2214	2445
	%	1.5	0.9	0.7	0.5	0.1	0.3	0.9	0.6	0.5	0.1
Bhutan	No.	5		22		61	0		7	1	87
	%	0.0		0.0		0.0	0.0		0.0	0.0	0.0
India	No.	2557	699	5610	33560	49765	193	890	2453	31624	47345
	%	9.4	5.4	9.1	7.9	2.8	7.3	8.4	8.3	7.3	2.7
Maldives	No.	5	2	125	74	238	0	1	38	3	313
	%	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Nepal	No.	33	5	332	521	1018	2	20	284	238	614
	%	0.1	0.0	0.5	0.1	0.1	0.0	0.2	1.0	0.1	0
Pakistan	No.	613	166	665	3361	4096	24	106	443	3013	3897
	%	2.3	1.3	1.1	0.8	0.2	0.4	1.0	1.5	0.7	0.2
Sri Lanka	No.	917	438	1236	18508	12171	75	455	870	20530	11046
	%	3.4	3.4	2.0	4.3	0.7	1.4	4.3	3.0	4.8	0.6
Total	No.	27119	13064	61964	427150	1769494	5622	10559	29470	431407	1783177
	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Years 1999-2000

Movement Category

Birthplace	Settler arrivals	LT resident arrivals	LT visitor arrivals	ST resident arrivals	ST visitor arrivals	Permanent departures	LT resident departure	LT visitor departure	ST resident departure	ST visitor departure	Total
Brunei	No. 33 % 0.1	46 0.3	286 0.4	1260 0.3	3724 0.2	12 0.2	48 0.5	60 0.2	1409 0.3	3563 0.2	10441 0.2
Cambodia	No. 250 % 0.8	65 0.5	146 0.2	5350 1.2	3249 0.2	65 1.0	83 0.8	179 0.5	7526 1.6	3257 0.2	20170 0.4
Indonesia	No. 2943 % 9.5	433 3.1	9477 13.5	26928 6.0	75668 4.0	447 6.7	398 3.7	5400 15.0	27412 6	83042 4.4	232148 4.8
Laos	No. 17 % 0.1	54 0.4	164 0.2	2737 0.06	1774 0.1	30 0.4	46 0.4	106 0.3	3101 0.7	1473 0.1	9502 0.2
Malaysia	No. 1771 % 5.7	1270 9.1	6912 9.9	54322 12.1	163536 8.7	315 4.7	1578 14.8	2185 6.1	55553 12.2	168467 8.9	455909 9.4
Myanmar	No. 156 % 0.5	58 0.4	169 0.2	3327 0.7	1755 0.1	18 0.3	52 0.5	111 0.3	2370 0.5	1535 0.1	9551 0.2
Philippines	No. 3186 % 10.3	664 4.8	1233 1.8	32951 7.3	44493 2.4	220 3.3	478 4.5	1875 5.2	33416 7.3	42454 2.2	160970 3.3
Singapore	No. 884 % 2.8	647 4.6	6478 9.2	19724 4.4	196327 10.4	180 2.7	637 6.0	1067 3.0	19068 4.2	203044 10.7	448056 9.2
Thailand	No. 527 % 1.7	28 1.6	2994 4.3	8143 1.8	60729 3.2	130 1.9	201 1.9	1887 5.2	8771 1.9	59959 3.1	143369 2.9
Vietnam	No. 1502 % 4.8	411 2.9	1770 2.5	44989 10.0	15112 0.8	458 6.9	545 5.1	1360 3.8	47605 10.4	14610 0.8	128362 2.6
China	No. 6809 % 21.9	2443 17.5	9330 13.3	74031 16.5	140781 7.5	1802 27.0	1424 13.4	5442 15.1	73670 16.1	139999 7.4	455731 9.4
Hong Kong	No. 1467 % 4.7	4529 32.4	6299 9.0	56810 12.7	99209 5.3	1585 23.8	2676 25.1	2045 5.7	57121 12.5	100864 5.3	332605 6.8
Japan	No. 553 % 1.8	232 1.7	7921 11.3	12101 2.7	707219 37.5	131 2.0	291 2.7	3961 11.0	11512 2.5	712246 37.4	1456167 29.9
Korea-Dem people	No. 5 % 0.0	5 0.0	16 0.0	987 0.2	130 0.0	8 0.1	14 0.1	13 0.0	538 0.1	211 0.0	1922 0.0
Korea-Republic of	No. 768 % 2.5	215 1.5	4357 6.2	10817 2.4	142230 7.5	191 2.9	261 2.4	3414 9.5	12991 2.8	139975 7.4	315219 6.5

Macao	No.	43	77	126	1634	3126	35	39	30	1466	2736	9312
	%	0.1	0.6	0.2	0.4	0.2	0.5	0.4	0.1	0.3	0.1	0.2
Mongolia	No.	2	1	30	2	305			55	1	279	675
	%	0.0	0.0	0.0	0.0	0.0			0.2	0.0	0.0	0.0
Taiwan	No.	1699	1015	2456	26722	142529	663	337	898	28702	143915	348936
	%	5.5	7.3	3.5	6.0	7.6	9.9	3.2	2.5	6.3	7.6	7.2
Afghanistan	No.	745	17	6	1429	793	9	14	18	1446	569	5046
	%	2.4	0.1	0.0	0.3	0.0	0.1	0.1	0.1	0.3	0.0	0.1
Bangladesh	No.	784	121	729	2066	3181	11	93	235	1931	2897	12048
	%	2.5	0.9	1	0.5	0.2	0.2	0.9	0.7	0.4	0.2	0.2
Bhutan	No.			20	1	135			12	1	107	276
	%			0.0	0.0	0.0			0.0	0.0	0.0	0.0
India	No.	4631	831	6450	34951	58331	229	872	3626	35374	57716	203011
	%	14.9	5.9	9.2	7.8	3.1	3.4	8.2	10.1	7.7	3.0	4.2
Maldives	No.	1	1	112	2	341			33	3	468	961
	%	0.0	0.0	0.2	0.0	0.0			0.1	0.0	0.0	0.0
Nepal	No.	114	8	426	440	1138	1	6	316	403	925	3777
	%	0.4	0.1	0.6	0.1	0.1	0.0	0.1	0.9	0.1	0.0	0.1
Pakistan	No.	892	118	733	4209	4429	19	104	560	4892	4356	20312
	%	2.9	0.8	1.0	0.9	0.2	0.3	1.0	1.6	1.1	0.2	0.4
Sri Lanka	No.	1280	484	1439	21619	13892	99	448	1066	19699	12983	73009
	%	4.1	3.5	2.1	4.8	0.7	1.5	4.2	3.0	4.3	0.7	1.5
Total	No.	31057	13974	70084	448743	1886304	6667	10658	35961	457127	1903534	4864109
	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

**Total 1994-95 to
1999-2000
Birthplace**

SE Asia nfd	Settler arrivals		LT resident arrivals		LT visitor arrivals		ST resident arrivals		ST visitor arrivals		Movement Category		Permanent departures		LT resident departure		LT visitor departure		ST resident departure		ST visitor departure		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
	14	0.0																					14	0
Brunei	210	0.1	306	0.4	1657	0.5	5752	0.2	22152	0.2	69	0.3	348	0.6	592	0.3	6836	0.3	21626	0.2	59548	0.2	59548	0.2
Cambodia	4590	2.4	307	0.4	688	0.2	21569	0.9	13986	0.1	237	0.9	296	0.5	588	0.3	26542	1.1	14119	0.1	82922	0.3	82922	0.3
Indonesia	11907	6.4	3433	4.3	47514	14.0	120759	5.2	672884	5.9	1397	5.3	2157	3.4	24222	12.0	124537	5.1	683600	6.0	1692411	6.0	1692411	6.0
Laos	281	0.1	252	0.3	730	0.2	13852	0.6	6506	0.1	132	0.5	231	0.4	566	0.3	14447	0.6	6543	0.1	43542	0.2	43542	0.2
Malaysia	7242	3.9	9470	11.8	40374	11.9	298284	12.8	833777	7.3	1373	5.3	9149	14.6	17536	8.7	298737	12.3	851248	7.5	2367191	8.3	2367191	8.3
Myanmar	1908	1.0	328	0.4	708	0.2	17640	0.8	10193	0.1	70	0.3	318	0.5	458	0.2	15339	0.6	9553	0.1	56515	0.2	56515	0.2
Philippines	19429	10.4	3713	4.6	5508	1.6	185640	8.0	232700	2.0	1159	4.4	2934	4.7	9261	4.6	185671	7.7	214611	1.9	860626	3.0	860626	3.0
Singapore	4644	2.5	3891	4.8	33447	9.8	101561	4.4	1045832	9.2	666	2.5	3929	6.3	7863	3.9	107248	4.4	1072970	9.4	2382051	8.4	2382051	8.4
Thailand	3477	1.9	1289	1.6	13938	4.1	42773	1.8	385026	3.4	590	2.3	1167	1.9	10586	5.2	45205	1.9	381960	3.4	886015	3.1	886015	3.1
Vietnam	17580	9.4	2702	3.4	6926	2.0	242626	10.4	70728	0.6	2128	8.1	2446	3.9	5788	2.9	244385	10.1	65131	0.6	660440	2.3	660440	2.3
China	39996	21.3	11760	14.6	30913	9.1	346607	14.9	674035	5.9	6544	25.0	7798	12.5	26429	13.1	358016	14.8	622002	5.5	2124099	7.5	2124099	7.5
Hong Kong	18969	10.1	25378	31.6	31282	9.2	345959	14.8	575222	5.1	6392	24.5	18028	28.8	15826	7.8	387924	16.0	608008	5.3	2032989	7.2	2032989	7.2
Japan	3244	1.7	1484	1.8	46809	13.7	58180	2.5	4609623	40.5	624	2.4	1537	2.5	31765	15.7	57796	2.4	4625873	40.6	9436934	33.2	9436934	33.2
Korea-Dem people	0	0.0	7	0.0	18	0.0	1262	0.1	370	0.0	8	0.0	20	0.0	17	0.0	750	0.0	485	0.0	2936	0.0	2936	0.0
Korea-Republic of	4068	2.2	1522	1.9	26728	7.8	59944	2.6	962450	8.5	851	3.3	1381	2.2	21448	10.6	66362	2.7	947935	8.3	2092690	7.4	2092690	7.4

Macao	No.	445	477	604	8440	16096	151	284	298	11110	16195	54099
	%	0.2	0.6	0.2	0.4	0.1	0.6	0.5	0.1	0.5	0.1	0.2
Mongolia	No.	9	2	233	2	1517	0	0	194	14	1543	3514
	%	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Taiwan	No.	9385	4476	13943	143775	873992	2090	1907	7517	148837	897400	2103320
	%	5.0	5.6	4.1	6.2	7.7	8.0	3.0	3.7	6.1	7.9	7.4
Afghanistan	No.	3414	122	36	6305	2936	59	70	88	6009	2658	21699
	%	1.8	0.2	0.0	0.3	0.0	0.2	0.1	0.0	0.2	0.0	0.1
Bangladesh	No.	3434	654	2034	10485	11201	74	529	1025	11340	10642	51418
	%	1.8	0.8	0.6	0.5	0.1	0.3	0.8	0.5	0.5	0.1	0.2
Bhutan	No.	13	2	98	21	443	0	0	52	27	459	1114
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	No.	20263	4743	24175	178794	249201	1000	4761	12070	178361	240502	913869
	%	10.8	5.9	7.1	7.7	2.2	3.8	7.6	6.0	7.4	2.1	3.2
Maldives	No.	11	7	659	213	1618	0	3	207	64	2022	4801
	%	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Nepal	No.	347	70	2068	1570	5405	13	61	1319	1399	4127	16378
	%	0.2	0.1	0.6	0.1	0.0	0.0	0.1	0.7	0.1	0.0	0.1
Pakistan	No.	3764	847	3470	18027	24813	123	635	2309	19449	21978	95415
	%	2.0	1.1	1.0	0.8	0.2	0.5	1.0	1.1	0.8	0.2	0.3
Sri Lanka	No.	8777	2915	5932	98639	66462	373	2578	4440	103475	59156	352746
	%	4.7	3.6	1.7	4.2	0.6	1.4	4.1	2.2	4.3	0.5	1.2
Total	No.	187407	80358	340497	2329871	11371345	26132	62580	202471	2421026	11384229	28405919
	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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Table 1. Average annual rates of population growth

Country/Region	Year(s)	Rate Per Annum
World	1990-2000	1.4
World	1980-1990	1.7
LDCs	1990-2000	1.7
MDCs	1990-2000	0.3
Europe and the New Independent States	1990-2000	0.1
North America	1990-2000	1.0
ESCAP Region	1999-2000	1.5
Indonesia	1998-1999	1.4
Australia	2000-2001	1.2

Source: McDevitt (1999); ESCAP (1999); Population Reference Bureau (1999 and 2000); ABS (2001a).

Table 2. Australia: projected population growth, 1999-2051

Projection Series ¹	Population '000					Growth Rate 1998-2051	Median Age 2051
	1999	2001	2011	2021	2051		
Australia							
I	18966.8	19444.7	21705.4	23825.9	28194.7	+0.76	43.6
II	18966.8	19421.3	21288.8	22926.4	25408.5	+0.56	46.0
III	18966.8	19411.2	21056.5	22440.2	24059.0	+0.46	46.5

1. For Projection Assumptions please see text.

Source: ABS (2000a).

Table 3. Labour force, components of change, annual average

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
	%	%	%	%	%	%	%	%
Males								
Age change in labour force	0.5	0.9	1.5	1.5	0.9	0.9	1.3	1.3
Age points change due to population growth	1.2	1.2	1.3	1.5	1.5	1.5	1.5	1.6
Labour force participation	-0.7	-0.3	0.2	0.1	-0.6	-0.6	-0.3	-0.3
Females								
Age change in labour force	0.9	2.2	3.2	2.7	1.6	1.0	1.8	2.7
Age points change due to Population growth	1.2	1.2	1.3	1.6	1.5	1.4	1.4	1.3
Labour force participation	-0.4	1.0	1.9	1.1	0.1	-0.4	0.4	1.5
Persons								
Age change in labour force	0.7	1.4	2.2	2.0	1.2	1.0	1.5	1.9
Age points change due to Population growth	1.2	1.2	1.3	1.5	1.5	1.4	1.5	1.5
Labour force participation	-0.5	0.2	0.9	0.5	-0.3	-0.5	0.0	0.4

Source: ABS (1999), p. 117, ABS (2001b), p. 216.

Table 4. Civilian population aged 15 and over, labour force status, annual average

	Unit	'92-'93	'93-'94	'94-'95	'95-'96	'96-'97	'97-'98	'98-'99	'99-2000
Males									
Employed	'000	4396.9	4472.3	4628.8	4178.3	4757.0	4818.9	4914.2	5023.3
Unemployed									
Searching full-time work	'000	531.3	500.0	414.4	400.0	400.9	386.0	357.5	312.5
Looking for part-time	'000	50.2	49.0	51.1	53.4	58.5	59.2	58.6	62.9
<i>Total unemployed</i>	'000	581.5	549.0	465.5	453.4	459.4	445.5	416.1	375.4
Labour force	'000	4978.4	5021.3	5094.3	5171.7	5126.4	5264.3	5330.3	5398.6
Not in the labour force	'000	1760.0	1797.0	1810.4	1833.2	1892.0	1949.9	1993.4	2042.5
Civilian population	'000	6738.3	6818.3	6904.6	7004.9	7108.4	7214.3	7323.7	7441.1
Unemployment rate	%	11.7	10.9	9.2	8.8	8.8	8.5	7.8	7.0
Participation rate	%	73.9	73.6	73.8	73.8	73.4	73.0	72.8	72.6
Females									
Employed	'000	3237.0	3308.3	3463.0	3582.93	3623.9	3677.5	3766.5	3893.3
Unemployed									
Searching full-time work	'000	259.8	262.3	224.7	210.7	223.8	215.2	194.9	179.0
Searching part-time work	'000	99.3	104.2	103.5	100.3	109.3	103.6	107.3	107.0
<i>Total unemployed</i>	'000	359.0	366.4	328.2	310.9	3.0	318.8	302.1	286.0
Labour force	'000	3596.0	3674.7	3791.9	3893.9	3956.7	3996.3	4068.7	4179.0
Not in the labour force	'000	3356.7	3360.5	3335.1	3343.8	3390.3	3454.2	3486.6	3486.5
Civilian population	'000	6952.7	7035.3	7127.1	7237.7	7347.0	7450.5	7555.3	7665.8
Unemployment rate	%	10.0	10.0	8.7	8.0	8.4	8.0	7.4	6.8
Participation rate	%	51.7	52.2	53.2	53.8	53.9	53.6	53.9	54.5

Source: ABS (1999), p. 118; ABS (2001b), p. 217.

Table 5. Under-employment status of employed persons, September 2000

	Males ('000)	Females ('000)	Total ('000)
Fully employed workers	4893.6	3759.3	8653.0
Full-time workers	4399.2	2281.9	6681.0
Part-time workers	494.5	1477.5	1972.0
Usually work full-time but worked part-time for economic reasons	39.6	8.2	47.8
Usually work part-time and want more hours	166.7	270.8	437.4
Usually work part-time and want more part-time hours	42.4	125.3	167.7
Usually work part-time and want full-time hours	124.3	145.4	269.7
Employed persons	5099.9	4038.3	9138.2

Source: ABS (2001c), p. 9.

Table 6. Employed persons by industry^a, annual average^b, 1999-2000

	Males		Females		Total	
	No.'000	Proportion Employed %	No. '000	Proportion Employed %	No. '000	Proportion Employed %
Agriculture, forestry and fishing	302.7	6.0	134.9	3.5	437.5	4.9
Mining	69.0	1.4	9.2	0.2	78.2	0.9
Manufacturing	812.2	16.2	300.9	7.8	1113.1	12.5
Electricity, gas and water supply	52.9	1.1	11.6	0.3	64.5	0.7
Construction	609.6	12.2	85.8	2.2	695.4	7.8
Wholesale trade	341.7	6.8	153.3	4.0	494.9	5.6
Retail trade	643.4	12.8	681.2	17.6	1324.6	14.9
Accommodation, cafes and restaurants	192.5	3.8	240.3	6.2	432.8	4.9
Transport and storage	308.7	6.2	98.6	2.5	407.3	4.6
Communication services	114.3	2.3	55.0	1.4	169.3	1.9
Finance and insurance	145.9	2.9	181.6	4.7	327.5	3.7
Property and business services	552.3	11.0	436.4	11.3	988.7	11.1
Government administration and defence	190.0	3.8	155.8	4.0	345.8	3.9
Education	197.4	3.9	411.9	10.6	609.3	6.9
Health and community services	175.6	3.5	652.5	16.8	828.1	9.3
Cultural and recreational services	116.7	2.3	100.4	2.6	217.1	2.4
Personal and other services	184.0	3.7	168.3	4.3	352.3	4.0
All industries	5008.8	100.0	3877.7	100.0	8886.5	100.0

a. Classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC).

b. Annual average of quarterly data.

Source: ABS (2001b), p. 230.

Table 7. Estimated resident population: by country of birth^a, 30 June ('000)

Country of Birth	1993	2000p	% Growth p.a. 1994-2000
Australia	1376.1	14639.8	+1.04
<i>Oceania (b)</i>			
Fiji	37.2	40.3	+1.30
New Zealand	295.9	374.9	+4.02
Papua New Guinea	26.4	27.4	+0.62
Other	25.3	39.5	+7.71
Total	384.8	482.1	+3.83
<i>Europe & the Former USSR</i>			
Germany	119.9	120.2	+0.04
Greece	143.4	141.2	-0.26
Hungary	27.3	28.0	+0.42
Italy	264.1	241.7	-1.47
Malta	55.1	54.9	-0.06
Netherlands	97.0	90.6	-1.13
Poland	70.5	68.3	+1.37
United Kingdom & Ireland	1223.5	1215.9	-0.10
Former Yugoslav Republics	179.4	210.0	+2.66
Former USSR & Baltic States	50.4	54.9	+1.44
Other	171.1	177.9	+0.65
Total	2401.7	2403.7	+0.01
<i>Middle East & North Africa</i>			
Egypt	37.8	37.7	-0.04
Lebanon	77.2	79.9	+0.57
Turkey	31.3	31.6	+0.16
Other	56.9	80.7	+6.00
Total	202.6	229.8	+2.12
<i>Southeast Asia</i>			
Indonesia	39.7	67.6	+9.28
Malaysia	81.6	97.6	+3.03
Philippines	93.2	123.0	+4.73
Singapore	27.2	30.7	+2.04
Vietnam	150.4	174.4	+2.50
Other	59.1	71.4	+3.20
Total	451.2	564.8	+3.81
<i>Northeast Asia</i>			
China (excl. SARs & Taiwan Province)	102.2	168.1	+8.65
Hong Kong & Macau (SARs of China)	74.7	56.3	-4.60
Korea	27.6	41.4	+6.99
Other	40.5	47.3	+2.62
Total	245.1	313.1	+4.17
<i>Southern Asia</i>			
India	75.6	110.2	+6.48
Sri Lanka	46.6	56.0	+3.11
Other	17.5	33.7	+11.54
Total	139.7	200.0	+6.16
<i>Northern America</i>			
Canada	26.1	29.0	+1.77
United States of America	50.2	65.0	+4.40
Other	0.4	0.5	+3.79
Total	76.6	94.5	+3.56
<i>South America, Central America & the Caribbean</i>			
Chile	26.5	25.4	-0.70
Other	55.4	56.3	+0.45
Total	81.9	82.2	+0.06
<i>Africa (excl. North Africa)</i>			
South Africa	57.0	80.1	+5.83
Other	53.2	67.1	+3.94
Total	110.2	147.2	+4.94
Total overseas-born	4093.6	4517.3	+1.66
Total	17854.7	19157.0	+1.18

a. Countries with more than 25,000 or more residents at the 1996 Census.

b. ExcludingSource: ABS (2001b), p. 102.

Table 8. Australia: Australia and overseas-born population at the 1996 census

Characteristic	Australia-born		Overseas-born					
	Persons	%	Persons	%				
Occupation (skill level)								
Managers/Admin/Prof	1 507 034	27.2	499 717	27.5				
Technician/Assoc Prof	638 994	11.5	215 519	11.9				
High Skill-Trade Clerical	994 496	17.9	318 685	17.5				
Intermediate Skill	1 408 106	25.4	456 330	25.1				
Low Skill-Clerk Labourer	1 001 112	18.0	326 021	18.0				
Labour Force Status								
Employed	5 691 026	91.4	1 870 384	89.3				
Unemployed	535 711	8.6	225 081	10.7				
Not in Labour Force	3 466 611	35.8	1 545 674	42.5				
Individual Income								
Less than \$300 per week	4 659 806	49.8	1 861 471	52.8				
\$800 per week or more	1 020 803	10.9	379 793	10.8				
Age and Sex Structure								
Age	Males	Females	Persons	%	Males	Females	Persons	%
0-14	1 769 646	1 683 043	3 452 689	26.1	115 745	110 369	226 114	5.8
15-24	1 063 626	1 034 250	2 097 876	15.9	193 865	191 956	385 821	9.9
25-49	2 341 873	2 376 508	4 718 381	35.7	897 776	927 097	1 824 873	46.7
50-64	758 015	781 936	1 539 951	11.6	448 700	401 873	850 573	21.8
65+	593 855	825 025	1 418 880	10.7	295 095	325 836	620 931	15.9
Sex Ratio: Males per 100 Females				97.4				99.7
Nature of Occupancy								
Owner/purchaser	9 107 000	72.0	2 579 906	69.5				
Tenant	3 426 330	27.1	1 100 056	29.6				
Other	113 920	0.9	31 057	0.8				
Highest Qualification								
Degree/Diploma	1 579 222	16.2	705 560	19.2				
Skilled/Basic vocational	1 382 423	14.1	481 491	13.1				
English Proficiency								
Uses English only	12 309 535	94.1	2 027 102	52.5				
Speaks English very well/well	638 681	5.2	1 401 176	36.3				
Speaks English not well/at all	94 210	0.7	435 154	11.3				
Main Language spoken at home				%				%
1. English				94.3				51.9
2. Italian				1.2				5.5
3. Greek				1.0				4.2
Religion				%				%
1. Western Catholic				29.1				31.0
2. Anglican				26.4				17.7
3. No religion nfd				18.3				16.5

Source: ABS 1996 census.

Table 9. Program management structure (2000-01) migration
(non-humanitarian) program

Skill	Family	Special Eligibility
Skilled Independent & Skilled-Australian Sponsored* - Points tested - Planning level adjusted subject to demand in Business Skills and ENS	Parents and Preferential Family Can be capped subject to demand in all other Family categories Fiancés & Interdependents	Can be capped
Business Skills, ENS & Distinguished Talent Demand driven	Can be capped subject to demand for spouse and dependent child places Spouses & Dependent Children - Demand driven	
Contingency Reserve To be utilised if States and Territories,	- Exempt from capping Contingency Reserve	
Business employers and regional authorities generate additional demand	Legislation defeated in Senate October 2000	

* Formerly Independent and Skilled-Australian Linked (until July 1999)

Source: DIMA (2000a).

Table 10. Migration program visas granted, 1990-91 to 2001-02 (planned)

Migration category/ component	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-2000	2000-01	2001-02
<i>Family</i>												
Spouses/Fiancés	24 500	26 300	27 800	25 100	26 100	33 550	25 130	25 790	24 740	26 330	28 360 ^(d)	32 400 ^(d)
Parents	10 300	7 200	5 300	4 500	5 100	8 890	7 580	1 080	3 120	1 900	1 120	500 ^(b)
Dependent Children	2 000	2 000	2 700	2 500	2 500	2 830	2 200	2 190	2 070	2 160	2 120	2 150
Other	2 000	2 000	1 700	1 700	3 100	3 450	2 330	2 250	2 100	1 600	1 910	2 850
Concessional Family ^(a)	22 500	18 100	7 700	9 400	7 700	8 000	7 340	-	-	-	-	-
Total Family	61 300	55 900	45 300	43 200	44 500	56 700	44 580	31 310	32 040	32 000	33 470	37 900
% of Total Program	54.6	56.5	66.7	68.8	58.2	68.7	60.3	46.7	47.2	45.6	41.5	44.6
<i>Skill</i>												
Employer Nominations ^(b)	7 500	5 600	4 800	4 000	3 300	4 640	5 560	5 950	5 650	5 390	7 520 ^(e)	6 000
Business Skills ^(c)	7 000	6 200	3 300	1 900	2 400	4 900	5 820	5 360	6 080	6 260	7 360 ^(e)	7 900
Distinguished Talents	100	200	200	200	100	200	190	180	210	110	230	170
Skilled-Independent ^(d)	35 100	29 400	13 000	11 800	15 000	10 600	15 000	13 270	13 640	15 610	22 380 ^(e)	25 100
Skilled-Australian Sponsored ^(a)	-	-	-	-	-	-	-	9 540	9 240	7 900	7 200 ^(e)	6 300
1 November Onshore	-	-	-	500	9 600	3 800	980	370	180	60	60	30
Total Skill	49 800	41 400	21 300	18 300	30 400	24 100	27 550	34 670	35 000	35 330	44 730^(e)	45 500^(f)
% of Total Program	44.4	41.9	31.4	29.1	39.7	29.2	37.3	51.7	51.5	50.3	55.5	53.5
<i>Special Eligibility</i>												
Total Program	112 200	98 900	67 900	62 800	76 500	82 500	73 900	67 100	67 900	70 200	80 610^(e)	85 000^(f)

Please note that figures have been rounded and total may not be the exact sum of components.

- From 1 July 1997 the Concessional Family Category was replaced by the Skilled-Australia Linked category and transferred from the Family to the Skill Stream. On 1 July 1999 it was renamed the Skilled-Australian Sponsored Category.
- Includes Employer Nomination Scheme, Labour Agreements, and Regional Sponsored Migration Scheme.
- Business Migration Program changed to Business Skills during 1991-92.
- Named independent prior to 1 July 1999.
- Please note that figures have been rounded and total may not be the exact sum of components.
- Net outcome as places in the Migration Program taken by provisional visa holders such as spouses, fiancés and interdependents who do not subsequently obtain permanent visas are returned to the Program in the year that the temporary visas expire - a total of 1 450 in 2000-01.
- Includes 4450 additional places from the Skill Stream contingency reserve made up of - 1 820 from demand generated by business, State/Territory Governments and regional certifying bodies and 2 630 for ICT professionals with Australian qualifications as announced in the January 2001 ICT Industry Innovation Plan.
- Does not include a contingency reserve of an additional 1,000 places in 2001-02 and an additional 4,000 places per year thereafter available subject to support from the community and opposition parties in Parliament
- Does not include a contingency reserve of an additional 8,000 places available for use:
- subject to business, State/Territory Governments and/or regional certifying bodies being able to generate additional demand through migration mechanisms specifically designed for their use; and
- to accommodate overseas students who successfully obtain an Australian qualification in an occupation in national shortage (that is occupations on the Migration Occupations in Demand List (MODL))

Source: DIMA Population Flows: Immigration Aspects, various issues and DIMIA (2001 a).

Table 11. Growth of population movement into and out of Australia, 1982-83 to 1999-2000

	1982-83	1991-92	1999-2000	% Growth 1982-2000
<i>Arrivals</i>				
Permanent	83,010	107,391	92,272	+11.2
Long-term				
- residents	48,990	62,920	79,651	+65.6
- visitors	30,740	63,861	133,198	+333.3
- total	79,730	126,781	212,849	+167.0
Short-term				
- residents	1,240,800	2,072,400	3,299,900	+165.9
- visitors	930,400	2,519,700	4,651,800	+400.0
- total	2,171,200	4,592,100	7,951,700	+266.2
<i>Departures</i>				
Permanent	24,830	29,122	41,078	+65.4
Long-term				
- residents	47,020	67,191	84,918	+80.6
- visitors	25,440	47,971	71,850	+182.3
- total	72,460	115,162	156,768	+116.4
Short-term				
- residents	1,259,100	2,173,500	3,332,300	+164.7
- visitors	907,500	2,473,700	4,635,200	+410.8
- total	2,166,600	4,647,100	7,967,500	+267.7

Source: Bureau of Immigration and Population Research (1993); DIMA (2000a).

Table 12. Estimated stock of temporary entrants in Australia by main visa category, June 1998

Visa category/class	No. ('000)	%
<i>With work rights</i>		
Student 560	100.6	23.9
WHM 417	35.2	8.4
Business (long stay) 457	31.6	7.5
Business (short stay) 456	7.6	1.8
All others	28.4	6.7
<i>Subtotal-work rights</i>	203.4	48.3
<i>No work rights</i>	217.6	51.7
Total	421.0	100.0

Source: Kinnaird (1999), p. 49.

Table 13. Temporary entrants to Australia

	Flow 1999-2000	Flow 2000-2001	Stock 30 June 2000
Visitors	3,057,147	3,540,000	184,270
Overseas students	74,428	86,000	121,140
Working holiday makers	74,454	76,000	45,264
Temporary business visitors	236,085	n.a.	13,910
Temporary business residents	35,006	37,000	50,400
Bridging visa holders ⁽¹⁾	-	-	61,224
Social, cultural, international relations program	37,880	n.a.	24,590
Other	4,215	n.a.	13,100
Total	3,519,215	n.a.	513,898

1. Bridging visas provide lawful status to non-citizens who would otherwise be unlawful.

Source: DIMA (2000a); Ruddock (2002).

Table 14. Components of population growth, 1977-2000

Year Ended 30 June	Total Population	Population Growth			
		<i>Natural Increase</i>		<i>Net Overseas Migration</i>	
		Total Persons	% of Total Growth	Total Persons	% of Total Growth
1977	14,192,200	115,500	66.6	57,900	33.4
1978	14,359,300	118,300	65.4	62,700	34.6
1979	14,515,700	115,100	67.6	55,100	32.4
1980	14,695,400	117,000	60.7	75,900	39.3
1981	14,923,300	121,500	50.5	119,200	49.5
1982	15,184,200	126,100	49.6	128,100	50.4
1983	15,393,500	128,800	63.7	73,300	36.3
1984	15,579,400	129,700	72.5	49,100	27.5
1985	15,788,300	127,600	63.4	73,700	36.6
1986	16,018,400	123,000	55.1	100,400	44.9
1987	16,263,900	126,700	50.2	125,700	49.8
1988	16,532,200	125,700	45.7	149,300	54.3
1989	16,814,400	131,400	45.5	157,400	54.5
1990	17,065,100	132,400	51.5	124,600	48.5
1991	17,284,000	141,600	62.1	86,400	37.9
1992	17,494,700	138,400	66.9	68,600	63.1
1993	17,667,100	138,600	82.2	30,000	17.8
1994	17,854,700	134,800	74.4	46,500	25.6
1995	18,071,800	132,000	62.2	80,100	37.8
1996	18,310,700	124,000	54.4	104,100	45.6
1997	18,532,200	126,400	59.2	87,100	40.8
1998	18,730,400	119,900	58.1	86,400	41.9
1999	18,937,200	121,687	58.8	85,120	41.2
2000	19,157,100	120,918	55.0	99,056	45.0

Note: Differences between the total growth in each year and the sum of the components of that growth arise from retrospective adjustments which are made after each census to eliminate any intercensal discrepancy.

Source: DIMA (1999), p. 94; ABS (2001a).

Table 15. Components of net overseas migration ('000), 1983-2000

Year Ended 30 June	Permanent Movement			Long-Term Movement			Category			
	<i>Arrivals</i>	<i>Departures</i>	<i>Net</i>	<i>Arrivals</i>	<i>Departures</i>	<i>Net</i>	<i>Jumpers (a)</i>	<i>NOM</i>	<i>Perm (b)</i> %	<i>L-t. (b)</i> %
1983	93.0	24.8	68.2	79.7	72.5	7.3	-2.2	73.3	90.4	9.6
1984	68.8	24.3	44.5	76.5	74.4	2.0	2.6	49.1	95.6	4.4
1985	77.5	20.4	57.1	85.7	74.9	10.9	5.7	73.7	84.0	16.0
1986	92.6	18.1	74.5	93.8	74.4	19.4	6.4	100.4	79.3	20.7
1987	113.5	19.9	93.6	90.9	75.4	15.5	16.6	125.7	85.8	14.2
1988	143.5	20.5	123.0	98.8	78.6	20.2	6.1	149.4	85.9	14.1
1989	145.3	21.6	123.7	104.6	91.0	13.6	20.2	157.4	90.1	9.9
1990	121.2	27.9	93.4	110.7	100.2	10.5	20.8	124.6	89.9	10.1
1991	121.7	31.1	90.6	114.7	110.5	4.2	-8.3	86.4	95.6	4.4
1992	107.4	29.1	78.3	126.8	115.2	11.6	-21.3	68.6	87.1	12.9
1993	76.3	27.9	48.4	127.4	113.2	14.2	-32.6	30.0	77.3	22.7
1994	69.8	27.3	42.5	137.6	112.7	24.9	-20.8	46.5	63.1	36.9
1995	87.4	26.9	60.5	151.1	118.5	32.6	-12.9	80.1	65.0	35.0
1996	99.1	28.7	70.5	163.6	124.4	39.2	-5.5	104.1	64.3	35.7
1997	85.8	29.9	55.9	175.2	136.7	38.5	-7.3	87.1	59.2	40.8
1998	77.3	32.0	45.3	188.1	154.3	33.8	7.2	86.4	57.3	42.7
1999	84.1	35.2	49.0	187.8	140.3	47.5	-11.0	85.1	50.7	49.3
2000	92.3	41.1	51.2	212.8	156.8	56.1	-8.2	99.1	47.7	52.3

a. Category jumping is the net effect of persons whose travel intentions change from short-term to permanent or long-term, or vice versa.

b. The percentage contributions of permanent and long-term movement are based on the net migration totals before adjustment for category jumpers.

Source: DIMA (2000a), p. 106; ABS (2001a), p. 29.

Table 16. Australia: settlers and long-term migration, 1987-2000

	Year												
	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
<i>Permanent Migration</i>													
Arrivals	143,480	145,316	121,227	121,688	107,391	76,330	69,768	87,428	99,139	85,752	77,327	84,143	92,272
Departures	20,470	21,647	27,857	31,130	29,122	27,905	27,280	26,948	28,670	29,857	31,985	35,181	41,078
Net	123,010	123,669	93,370	90,558	78,269	48,425	42,488	60,480	70,469	55,895	45,342	48,962	51,194
<i>Long-Term Movement</i>													
Arrivals	98,780	104,590	110,695	114,711	126,781	127,436	137,600	151,095	163,578	175,249	188,114	187,802	212,849
Departures	78,570	90,991	100,199	110,512	115,162	113,190	112,707	118,533	124,386	136,748	154,294	140,281	156,768
Net	20,210	13,599	10,496	4,199	11,619	14,246	24,893	32,562	39,192	38,501	33,820	47,521	56,081
Total Permanent and	143,220	137,242	103,866	94,757	89,888	62,671	67,381	93,042	109,661	94,396	79,162	96,483	107,275
Long-Term Net Gain													
% Net Migration from Long-Term Movement	14.1	9.9	10.1	4.4	12.9	22.7	36.9	35.0	35.7	40.8	42.7	49.3	52.3

Table 17. Australia: permanent movement, financial years, 1968-2000

Financial Year	Settler Arrivals	Permanent Departures				Total	Departures as percentage of Arrivals
		<i>Former Settlers*</i>		<i>Australia-Born**</i>			
		No.	% of Departures	No.	% of Departures		
1968-69	175,657	23,537	74.3	8,141	25.7	31,678	18.0
1969-70	185,099	26,082	72.3	10,000	27.7	36,082	19.5
1970-71	170,011	28,244	71.8	11,072	28.2	39,316	23.1
1971-72	132,719	32,280	72.8	12,439	27.8	44,719	33.7
1972-73	107,401	31,961	71.2	12,945	28.8	44,906	41.8
1973-74	112,712	26,741	67.8	12,699	32.2	39,413	35.0
1974-75	89,147	20,184	64.0	11,361	36.0	31,545	35.4
1975-76	52,748	17,150	62.5	10,277	37.5	27,427	52.0
1976-77	70,916	15,447	62.8	9,141	37.2	24,588	34.7
1977-78	73,171	13,972	60.5	9,124	39.5	23,096	31.6
1978-79	67,192	13,797	54.3	11,632	45.7	25,429	37.8
1979-80	80,748	12,044	54.7	9,973	45.3	22,017	27.3
1980-81	110,689	10,888	55.8	8,608	44.2	19,496	17.6
1981-82	118,030	11,940	57.2	8,940	42.8	20,890	17.7
1982-83	93,010	15,390	62.0	9,440	38.0	24,830	26.7
1983-84	68,810	14,270	58.7	10,040	41.3	24,300	35.3
1984-85	77,510	11,040	54.2	9,340	45.8	20,380	26.3
1985-86	92,590	9,560	52.8	8,540	47.2	18,100	19.5
1986-87	113,540	10,800	54.2	9,130	45.8	19,930	17.6
1987-88	143,470	10,716	52.3	9,755	47.7	20,471	14.3
1988-89	145,320	15,087	69.7	6,560	30.3	21,647	14.9
1989-90	121,230	19,458	69.8	8,399	30.2	27,857	23.0
1990-91	121,688	21,640	69.5	9,490	30.5	31,130	25.6
1991-92	107,391	19,944	68.5	9,178	31.5	29,122	27.1
1992-93	76,330	18,102	64.9	9,803	35.1	27,905	36.6
1993-94	69,768	17,353	63.6	9,927	36.4	27,280	39.1
1994-95	87,428	16,856	62.6	10,092	37.4	26,948	30.8
1995-96	99,139	17,665	61.6	11,005	38.4	28,670	28.9
1996-97	85,752	18,159	60.8	11,698	39.2	29,857	34.8
1997-98	77,327	19,214	60.1	12,771	39.9	31,985	41.4
1998-99	84,143	17,931	50.1	17,250	49.0	35,181	41.8
1999-2000	92,272	20,844	50.7	20,234	49.3	41,078	44.5

Sources: DIMA Australian Immigration Consolidated Statistics and Immigration Update, various issues.

* Data 1988-89 to 1997-99 constitute permanent overseas-born departures due to a change in definition by DIMA. Data prior to this constitute former settler departures.

** Data prior to 1988-89 constitute permanent departures other than former settlers.

Table 18. Australia: long-term movement, 1959-60 to 1999-2000

	Arrivals			Departures			Net Overseas Movement		
	Australian Residents	Overseas Visitors	Total	Australian Residents	Overseas Visitors	Total	Australian Residents	Overseas Visitors	Total
1959-60	16,049	11,748	27,797	24,730	7,838	32,568	-8,681	3,910	-4,771
1960-61	16,870	13,320	30,190	28,542	11,823	40,365	-11,672	1,497	-10,175
1961-62	19,301	13,423	32,724	33,370	12,591	45,961	-14,069	832	-13,237
1962-63	21,376	13,971	35,347	34,324	13,219	47,543	-12,948	752	-12,196
1963-64	23,066	14,170	37,236	39,931	12,325	52,256	-16,865	1,845	-15,020
1964-65	24,065	16,484	40,549	42,702	13,640	56,342	-18,637	2,844	-15,793
1965-66	27,279	18,461	45,740	51,785	11,808	63,593	-24,506	6,653	-17,853
1966-67	31,161	20,078	51,239	53,750	12,707	66,457	-22,589	7,371	-15,218
1967-68	37,032	23,341	60,373	51,847	12,516	64,363	-14,815	10,825	-3,990
1968-69	37,376	24,442	61,818	53,296	13,817	67,113	-15,920	10,625	-5,295
1969-70	38,711	29,842	68,553	63,454	17,414	80,868	-24,743	12,428	-12,315
1970-71	43,554	31,225	74,779	66,463	19,928	86,391	-22,909	11,297	-11,612
1971-72	51,356	27,713	79,069	68,069	23,328	91,397	-16,713	4,385	-12,328
1972-73	58,292	26,733	85,025	67,379	23,579	90,958	-9,087	3,154	-5,933
1973-74	64,297	27,212	91,509	60,636	21,246	81,882	3,661	5,966	9,627
1974-75	60,239	23,615	83,854	72,397	24,386	96,783	-12,158	-771	-12,929
1975-76	60,224	21,687	81,911	64,475	21,528	86,003	-4,251	159	-4,092
1976-77	59,193	26,133	85,326	68,792	19,724	88,516	-9,599	6,409	-3,190
1977-78	57,311	28,043	85,354	60,099	19,194	79,293	-2,788	8,849	6,061
1978-79	60,947	34,064	95,011	57,255	21,216	78,471	3,692	12,848	16,540
1979-80	59,963	29,586	89,549	52,114	19,228	71,342	7,849	10,358	18,207
1980-81	59,871	34,220	94,091	47,848	18,778	66,626	12,023	15,442	27,465
1981-82	57,860	34,760	92,620	46,500	20,310	66,810	11,360	14,450	25,810
1982-83	48,990	30,740	79,730	47,020	25,440	72,460	1,970	5,300	7,270
1983-84	49,190	27,280	76,470	49,490	24,950	74,440	-300	2,330	2,030
1984-85	53,770	31,980	85,750	51,710	23,160	74,870	2,060	8,820	10,880
1985-86	56,560	37,250	93,810	49,690	24,670	74,360	6,870	12,580	19,450
1986-87	53,597	67,325	120,922	48,854	26,538	75,392	4,743	40,787	45,530
1987-88	54,804	43,978	98,782	50,499	28,054	78,553	4,305	15,924	20,229
1988-89	53,798	50,766	104,564	57,733	33,258	90,991	-3,935	17,508	13,573
1989-90	53,967	56,728	110,695	62,300	37,899	100,199	-8,333	18,829	10,496
1990-91	59,062	55,649	114,711	66,883	43,629	110,512	-7,821	12,020	4,199
1991-92	62,920	63,861	126,781	67,191	47,971	115,162	-4,271	15,890	11,619
1992-93	69,594	57,842	127,436	65,446	47,744	113,190	4,148	10,098	14,246
1993-94	75,600	62,000	137,600	64,786	47,921	112,707	10,814	14,079	24,893
1994-95	79,063	72,032	151,095	68,377	50,156	118,533	10,686	21,876	32,562
1995-96	79,206	84,372	163,578	70,253	54,133	124,386	8,953	30,239	39,192
1996-97	80,170	95,079	175,249	73,777	62,971	136,748	6,393	32,108	38,501
1997-98	84,358	103,756	188,114	79,422	74,872	154,294	4,936	28,884	33,820
1998-99	67,910	119,892	187,802	82,861	57,420	140,281	-14,951	62,472	47,521
1999-2000	79,651	133,198	212,849	84,918	71,850	156,768	-5,267	61,348	56,081

Source: DIMA Australian Immigration Consolidated Statistics and Immigration Update, various issues.

Table 19. Australia-born and overseas-born population: workforce characteristics, occupation and education, 1996

Characteristic	Australia-Born	Overseas-Born	
	%	%	Resident < 5 Years
Workforce Characteristics			
% not in workforce	35.8	42.5	41.6
% of workforce unemployed	8.6	10.7	10.0
Occupation			
Manager, Professional	27.2	27.5	28.3
Technician, Paraprofessional	11.5	11.9	10.4
High Skill Trade	17.9	17.5	16.3
Intermediate Skill	25.4	25.1	20.2
Low Skill	18.0	18.0	24.8
Educational Qualification			
Degree/Diploma	16.2	19.2	29.6
Skilled/Basic Vocational	14.1	13.1	9.8

Source: Hugo (1999b).

Table 20. Longitudinal survey of immigrants in Australia: workforce characteristics by visa category, 1993-95 (Wave 1) and 1998-99 (Wave 3)

	Spouse	Family	Concessional Family	Marriage	Humanitarian	Skill	Independent	Business	Total
<i>% in Workforce</i>									
W1	53.1	22.1	79.2	57.8	47.5	88.4	85.8	65.4	57.9
W3	58.6	28.7	88.2	64.0	61.2	91.4	90.4	94.0	65.0
<i>% of Workforce Unemployed</i>									
W1	38.6	57.0	35.6	33.6	85.6	2.2	26.4	4.2	39.1
W3	17.4	33.9	10.7	12.3	37.3	2.5	3.8	0.8	15.6

Source: Unpublished tabulations.

Table 21. Australia: % arrivals and departures 1999-2000 by occupation

Occupations	Settler Arrivals		Permanent Departures		Difference
	Number	%	Number	%	
MANAGERS & ADMINISTRATORS	5,519	12.0	4,605	18.2	+914
Professionals	17,065	37.1	8,965	35.4	+8,100
Associate professionals	4,788	10.4	2,899	11.4	+1,889
Tradespersons	6,075	13.2	1,844	7.3	+4,231
Advanced clerical & service	1,395	3.0	990	3.9	+404
Intermediate clerical & service	5,487	11.9	3,483	13.7	+2,004
Intermediate production & transport	1,525	3.3	555	2.2	+970
Elementary clerical, sales, service	2,638	5.7	1,458	5.8	+1,180
Labourer & related workers	1,453	3.2	532	2.1	+921
Total workforce	45,945	100.0	25,351	100.0	
Total in employment		49.8		61.7	
Not in employment	4,134	4.5	569	1.4	+3,565
Not in labour force	41,228	44.7	15,079	36.7	+26,199
Not stated	965	1.0	79	0.2	+886
Total	92,272	100.0	41,078	100.0	+51,194

Source: DIMA (2000b).

Table 22. Australia: temporary entrants to australia with the right to work by occupation, 1999-2000

Occupation	Working Holiday Makers		Temporary Business Entrants	
	Number	%	Number	%
Managers /Admin	2,214	8.3	17,100	37.7
Professionals	7,652	28.8	16,270	35.8
Associate Professionals	2,548	9.6	6,788	15.0
Tradespersons	3,024	11.4	1,020	2.2
Advanced Clerical & Service	1,214	4.6	458	1.0
Intermediate Clerical & Service	6,677	25.1	2,310	5.1
Intermediate Product & Transport	536	2.0	150	0.3
ELEMENTARY CLERICAL, SALES, SERVICE	2,106	7.9	1,038	2.3
Labourers	607	2.3	262	0.6
Total Workforce	26,578	100.0	45,394	100.0
Not in Workforce	15,182		18,326	
Not in Employment	12,598		350	
Not Stated	25,546		29,872	
TOTAL	79,904		93,942	

Source: Unpublished data supplied by DIMA.

Table 23. Australia: numbers of people moving to and from Australia by category of movement, Resident status and birthplace, 1993-2000

Year	Birthplace	CATEGORY OF MOVEMENT										Total
		Settler Arrivals	LT Resident Arrivals	LT Visitor Arrivals	ST Resident Arrivals	ST Visitor Arrivals	Permanent Departures	LT Resident Departures	LT Visitor Departures	ST Resident Departures	ST Visitor Departures	
1993-94	Australia-born	336	39 399	560	1 307 052	87 663	9 927	38 699	777	1 327 329	78 313	2 890 055
	Overseas-born	69 432	36 201	61 440	938 507	3 081 298	17 353	26 087	47 144	976 634	3 040 620	8 294 716
1994-95	Australia-born	489	42 298	605	1 376 272	89 512	10 094	40 947	931	1 374 289	82 807	3 018 244
	Overseas-born	86 939	36 765	71 427	1 010 689	3 445 753	16 884	27 430	49 225	1 047 694	3 403 557	9 196 333
1995-96	Australia-born	551	42 869	629	1 462 731	95 211	11 013	42 543	924	1 480 535	90 134	3 227 140
	Overseas-born	98 588	36 337	83 743	1 106 611	3 870 950	17 657	27 710	53 209	1 143 824	3 819 995	10 258 624
1996-97	Australia-born	376	43 973	683	1 616 250	100 630	11 704	45 192	858	1 619 427	97 453	3 536 546
	Overseas-born	85 376	36 197	94 396	1 169 796	4 152 025	18 153	28 585	62 113	1 217 780	4 119 563	10 983 984
1997-98	Australia-born	351	46 188	651	1 762 263	108 269	12 789	49 144	1002	1 746 860	106 278	3 833 795
	Overseas-born	76 976	38 170	103 105	1 257 834	4 111 737	19 196	30 278	73 870	1 285 038	4 092 044	11 088 248
1998-99	Australia-born	276	35 907	897	1 856 350	118 039	17 264	53 440	3705	1 839 515	104 268	4 029 661
	Overseas-born	83 867	32 003	118 995	1 335 277	4 169 988	17 917	29 421	53 715	1 349 177	4 174 825	11 365 185
1999-2000	Australia-born	378	44 200	847	1 901 688	119 029	20 265	54 943	4 858	1 898 565	108 959	4 153 732
	Overseas-born	91 894	35 451	132 351	1 398 227	4 532 756	20 813	29 975	66 992	1 433 693	4 526 243	12 268 395

Source: DIMA Movement Data Base.

Table 24. **Australia: net migration according to category of movement, resident status and birthplace, 1993-2000**

Year		Net Migration				
		Permanent	LT Resident	LT Visitor	ST Resident	ST Visitor
1993-94	Australia-born	-9591	700	-217	-20277	9350
	Overseas-born	52079	10114	14296	-38127	40678
1994-95	Australia-born	-9605	1351	-326	1983	6705
	Overseas-born	70085	9335	22202	-37005	42196
1995-96	Australia-born	-10462	326	-295	-17804	5077
	Overseas-born	80931	8627	30534	-37213	50955
1996-97	Australia-born	-11328	-1219	-175	-3177	3177
	Overseas-born	67223	7612	32283	-47984	32462
1997-98	Australia-born	-12438	-2956	-351	15403	1991
	Overseas-born	57780	7892	29235	-27204	19693
1998-99	Australia-born	-16988	-17533	-2808	16835	13771
	Overseas-born	65950	2582	65280	-13900	-4837
1999-2000	Australia-born	-19,887	-10,743	-4,011	3,123	10,070
	Overseas-born	71,081	5,476	65,359	-35,466	6,513
Total	Australia-born	-90,299	-30,074	-8,183	-3,914	50,141
	Overseas-born	456,129	51,638	259,189	-236,899	187,660

Source: DIMA Movement Data Base.

Table 25. Australia: movements to and from Asia by category of movement, 1994-2000

Origin/Destination	Category of Movement												Total
	Arrivals						Departures						
	Settler arrivals	Long term residents	Long term visitors	Short term residents	Short term visitors	Short term visitors	Permanent departures	Long term residents	Long term visitors	Short term residents	Short term visitors	Short term visitors	
1994-95	No	32376	12929	41707	305792	1712195	2918	9699	28128	334694	1694457	4174896	
	%	37.0	16.4	57.9	12.8	48.4	10.8	14.2	56.1	13.8	48.6	34.2	
Rest of World	No	55052	66134	30325	2081170	1823070	24030	58678	22028	2087288	1791906	8039681	
	%	63.0	83.6	42.1	87.2	51.6	89.2	85.8	43.9	86.2	51.4	65.8	
Total	No	87428	79063	72032	2386962	3535265	26948	68377	50156	2421983	3486363	12214577	
1995-96	No	39524	13048	49965	362743	1998412	3196	9833	30330	381575	1984940	4873567	
	%	39.9	16.5	59.2	14.1	50.4	11.1	14.0	56.0	14.5	50.8	36.1	
Rest of World	No	59615	66158	34407	2206599	1967749	25474	60420	23803	2242784	1925189	8612198	
	%	60.1	83.5	40.8	85.9	49.6	88.9	86.0	44.0	85.5	49.2	63.9	
Total	No	99139	79206	84372	2569343	3966161	28670	70253	54133	2624359	3910129	13485765	
1996-97	No	32084	12983	57141	386368	2102818	3587	10720	35868	409517	2106623	5157709	
	%	37.4	16.2	60.1	13.9	49.4	12.0	14.5	57.0	14.4	50.0	35.5	
Rest of World	No	53668	67187	37938	2399677	2149836	26270	63057	27103	2427690	2110392	9362819	
	%	62.6	83.8	39.9	86.1	50.6	87.9	85.5	43.0	85.6	50.0	64.5	
Total	No	85752	80170	95079	2786046	4252654	129857	73777	62971	2837207	4217015	14520528	
1997-98	No	25247	14360	59636	399075	1902122	4142	11111	42714	406706	1911498	4776611	
	%	32.6	17.0	57.5	13.2	45.1	12.9	14.0	57.0	13.4	45.5	32.0	
Rest of World	No	52080	69998	44120	2621022	2317883	27843	68311	32158	2625191	2286823	10145430	
	%	67.4	83.0	42.5	86.8	54.9	87.1	86.0	43.0	86.6	54.5	68.0	
Total	No	77327	84358	103756	3020097	4220005	31985	79422	74872	3031897	4198321	14922041	
1998-99	No	27119	13064	61964	427150	1769494	5622	10559	29470	431407	1783177	4559027	
	%	32.2	19.2	51.7	13.4	41.3	16.0	12.7	51.3	13.5	41.7	29.6	
Rest of World	No	57024	54846	57928	2764477	2518533	29559	72302	27950	2757285	2495916	10835819	
	%	67.8	80.8	48.3	86.6	58.7	84.0	87.3	48.7	86.5	58.3	70.4	
Total	No	84143	67910	119892	3191627	4288027	35181	82861	57420	3188692	4279093	15394846	
1999-2000	No	31057	13974	70084	448743	1886304	6667	10658	35961	457127	1903534	4864110	
	%	33.7	17.5	52.6	13.6	40.6	16.2	12.6	50.1	13.7	41.1	29.6	
Rest of World	No	61215	65677	63114	2851171	2765481	34411	74260	35889	2875131	2731668	11558017	
	%	66.3	82.8	47.4	86.4	59.4	83.8	87.4	49.9	86.3	58.9	70.4	
Total	No	92272	79651	133198	3299914	4651785	41078	84918	71850	3322258	4635203	16422127	
Total	No	187407	80358	340497	2329871	11371345	26132	62580	202471	2421026	11384229	28405916	
	%	35.6	17.1	56.0	13.5	45.6	13.5	13.6	54.5	13.9	46.0	32.7	
Rest of World	No	338654	390000	267832	14924116	13542552	167587	397028	168931	15015369	13341894	58553963	
	%	64.4	82.9	44.0	86.5	54.4	86.5	86.4	45.5	86.1	54.0	67.3	
Total	No	526061	470358	608329	17253987	24913897	193719	459608	371402	17436395	24726123	86959879	

Source: DIMA Movement Data Base.

Table 26. Australia: number of overstayers, 1990-2000

31 December 2000	58,674*
30 June 2000	58,748*
December 1999	53,131*
June 1999	53,143
June 1998	50,949
December 1996	45,100
June 1995	51,307
June 1993	79,755
April 1992	81,400
April 1990	90,000

*: Excludes unauthorised arrivals by air and by boat.

Note: The introduction of the bridging visa scheme on 1 September 1994 influences the figures since prior to this time persons who do not have a valid visa but had come to the Department's attention and were waiting for a visa determination or to leave the country were regarded as 'overstayers'. Subsequently these people were not considered overstayers.

Source: DIMA (2000a and c); DIMIA (2001b).

Table 27. Stock estimate of unlawful non-citizens in Australia as at 30 June 2000

Country of Citizenship	Estimate of unlawful citizens ^a	Number of visitors and temporary entrants to Australia – Jan 1995 – June 2000 ^b	%age of unlawful citizens to total temporary entrants and visitors	Country of Citizenship	Estimate of unlawful citizens ^a	Number of visitors and temporary entrants to Australia – Jan 1995 – June 2000 ^b	%age of unlawful citizens to total temporary entrants and visitors
Ecuador	104	1,591	6.54	Russian Fed	169	31,975	0.53
Tonga	1,084	20,750	5.22	Ireland	873	193,425	0.45
Burma (Myanmar)	150	5,284	2.84	Thailand	1,632	362,596	0.45
Vietnam	1,055	37,778	2.79	Spain	218	50,828	0.43
Pakistan	526	20,063	2.62	Norway	249	60,681	0.41
Samoa	417	15,940	2.62	Israel	209	55,843	0.37
Peru	113	4,344	2.60	Argentina	112	33,710	0.33
Bangladesh	279	11,527	2.42	Italy	822	255,914	0.32
Lebanon	452	19,129	2.36	Republic of Korea	2,906	925,392	0.31
Iran	246	10,672	2.31	Netherlands	817	279,143	0.29
Nepal	169	7,334	2.30	Papua New Guinea	367	127,033	0.29
Colombia	198	9,443	2.10	France	1,137	395,016	0.29
Philippines	3,796	201,593	1.88	Sweden	409	150,128	0.27
Brazil	280	14,889	1.88	Denmark	62	105,547	0.25
Greece	662	39,586	1.67	Malaysia	1,911	777,416	0.25
Poland	364	25,356	1.44	Austria	239	101,518	0.24
Turkey	254	17,942	1.42	USA	4,759	2,056,030	0.23
Egypt	142	10,723	1.32	South Africa	484	235,045	0.21
Chile	191	14,889	1.28	Germany	1,478	760,594	0.19
Sri Lanka	666	52,575	1.27	UK	5,931	3,148,431	0.19
Fiji	1,447	114,427	1.26	Switzerland	369	206,986	0.18
HKSAR ^c	658	69,690	0.94	Singapore	1,250	1,049,760	0.12
PRC	3,746	407,183	0.92	Taiwan	966	852,897	0.11
Stateless	696	80,668	0.86	Japan	2,648	4,266,200	0.06
Portugal	230	29,873	0.77	Canada	997	2,056,030	0.05
Hungary	132	18,402	0.72	Australia	190	759,083	0.03
India	1,473	209,038	0.70	Other	3,834	2,280,966	0.17
Indonesia	3,977	647,292	0.61	Total	58,745	23,696,168	0.25

a. Estimate based on the cumulative number of unlawful citizens since January 1996 who are still living in Australia. Unauthorised arrivals are not presented in this table.

b. Number includes all unlawful non-citizens who arrived in the 12 months before January 1996. Also, includes some entrants who have visited more than once in the period January 1995 – June 2000.

c. Disaggregated data only available since 1996-97.

Source: DIMA (2000a), p. 107.

Table 28. Main source countries for people refused immigration visas at Australian airports, 1995-2001

Source Country	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
PRC	92	235	268	112	73	65
Iraq **	34	90	140	325	157	37
Indonesia	110	124	132	97	54	92
Sri Lanka	15	205	118	58	47	29
Somalia	87	110	78	30	11	3
Thailand	25	94	77	93	74	100
Kuwait**	0	19	61	32	4	2
New Zealand	49	40	59	92	107	111
South Korea	6	12	52	159	108	136
Algeria	21	61	51	87	14	2
Other	224	360	519	1021	1045	931
Total	663	1,350	1,550	2,106	1,694	1,508

** The figures used refer to the origin country of arrivals because citizenship is sometimes difficult to determine.

Source: DIMA (2000d); DIMIA (2001c).

Table 29. Numbers of boats and persons aboard arriving clandestinely in Australia and detected, 1989-2002

Year	No. of Boats	Total Arrivals	Min/Max on Board
1989-90	3	224	26/119
1990-91	5	158	3/77
1991-92	3	78	10/56
1992-93	4	194	2/113
1993-94	6	194	4/58
1994-95	21	1,071	5/118
1995-96	14	589	4/86
1996-97	13	365	4/139
1997-98	13	157	3/30
1998-99	42	920	2/112
1999-2000	75	4,174	3/353
2000-01	54	4,141	2/231
2001-02*	6	1,212	60/359

* 1 July to 8 November 2001.

Source: DIMA (2000d); DIMIA (2001c).

Table 30. Australia: unauthorised boat arrivals, main origin, 1999-2001

1999-2000		2000-01		%
Nationality	Total	Nationality	Total	
Iraqi	2,297	Afghan	2,269	54.0
Afghan	1,263	Iraqi	994	24.0
Iranian	227	Iranian	544	13.0
PRC	135	Palestinian	159	3.8
Sri Lankan	31	Sri Lankan	59	1.4
Turkish	26	PRC	25	0.6
Kurdish	22	Pakistani	13	0.3
Syrian	19	Syrian	13	0.3
Bangladeshi	19	Kuwaiti	10	0.2
Other	136	Other	55	1.3

Source: Ruddock (2001).

Table 31. Australian boat people by ethnicity or nationality, 1989-2000

Ethnicity	Number
Chinese	1 867
Iraqi	1 734
Afghani	1 141
Sino-Vietnamese	1 061
Cambodian	271
Vietnamese	171
Turkish	168
Iranian	92
Bangladeshi	87
Sri Lankan	60
Irian Jayan - Indonesian Province	51
Kuwaiti	32
Algerian	27
Indian	23
Pakistani	24
Kurdish	20
East Timorese	18
Polish	13
Macau citizens	13
Romanian	12
Syrian	9
Indonesian	7
Palestinian	4
Moroccan	3
Jordanian	2
Senegalese	2
Sudanese	2
Hong Kong citizen	1
Kazakhstan	1
Nigerian	1
Papua New Guinean	1
Saudi Arabian	1
Somali	1
Bahrain	1
Myanmar	1
Malaysian	1
Stateless	3
To be determined	1 348
Total boat people (incl 99 births in Aus.)	8 908

Source: DIMA (2000d).

Table 32. **Australia: detention of unauthorised arrivals, 1995-2000**

Year	No. Unlawful Non-Citizens Detained	% Increase on Previous Yr's No. of Overstayers Located	Costs for Detaining Unlawful Non-Citizens \$	% Change on Cost in Previous Yr
1995-96	1 410	n.a.	10.4 million	n.a.
1996-97	2 095	45.0	9.3 million	-11.0
1997-98	2 548	21.7	14.4 million	55.4
1998-99	3 574	40.3	17.3 million	20.1
1999-2000	8 205	129.6	n.a.	n.a.

Source: DIMA unpublished statistics.

Table 33. **Australia: boat people, 1990-2000, current status**

	No.	%
Granted Refugee Status	1212	13.6
Temporary Protection Visa	2802	31.5
Entry on Other Grounds	55	0.7
Total Granted Entry	4069	45.8
Released on Bridging Visa	24	0.3
Escaped from Custody	6	0.1
In Custody	1541	17.4
Total Remaining in Australia	1571	17.7
Departures	3252	36.5
Total	8882	100.0

Source: DIMA (2000f).

Table 34. **Australia: overseas-born persons resident in Australia for less than 5 years in workforce by educational category, 1981, 1986 and 1996**

Educational Category	1981	1986	1996
Higher Degree	2.3	2.5	5.8
Graduate Diploma	0.7	0.6	1.3
Degree	6.7	8.1	18.9
Diploma	4.5	4.7	10.5
Trade Certificate	10.1	8.7	9.4
Other Certificate	9.6	10.4	2.7
No Qualifications	66.1	65.0	51.4
Total	100.0	100.0	100.0

Source: Australian Bureau of Statistics 1981, 1986 and 1996 One percentage Sample Tape of Population Census.

Table 35. **Australia: Overseas-born persons resident in Australia for less than 5 years in workforce by occupation, 1986 and 1996**

Occupational Category	1986	1996
Managers, Administrators	8.4	5.6
Professionals	14.5	22.7
Associate Professionals	6.1	10.4
Trade and Related Workers	15.9	13.3
Advanced Clerical and Services	14.5	3.0
Intermediate Clerical, Sales		14.0
Elementary Clerical and Sales	13.3	7.6
Intermediate Production and Transport		10.4
Labourers and Related Workers	27.2	13.6
Total	100.0	100.0

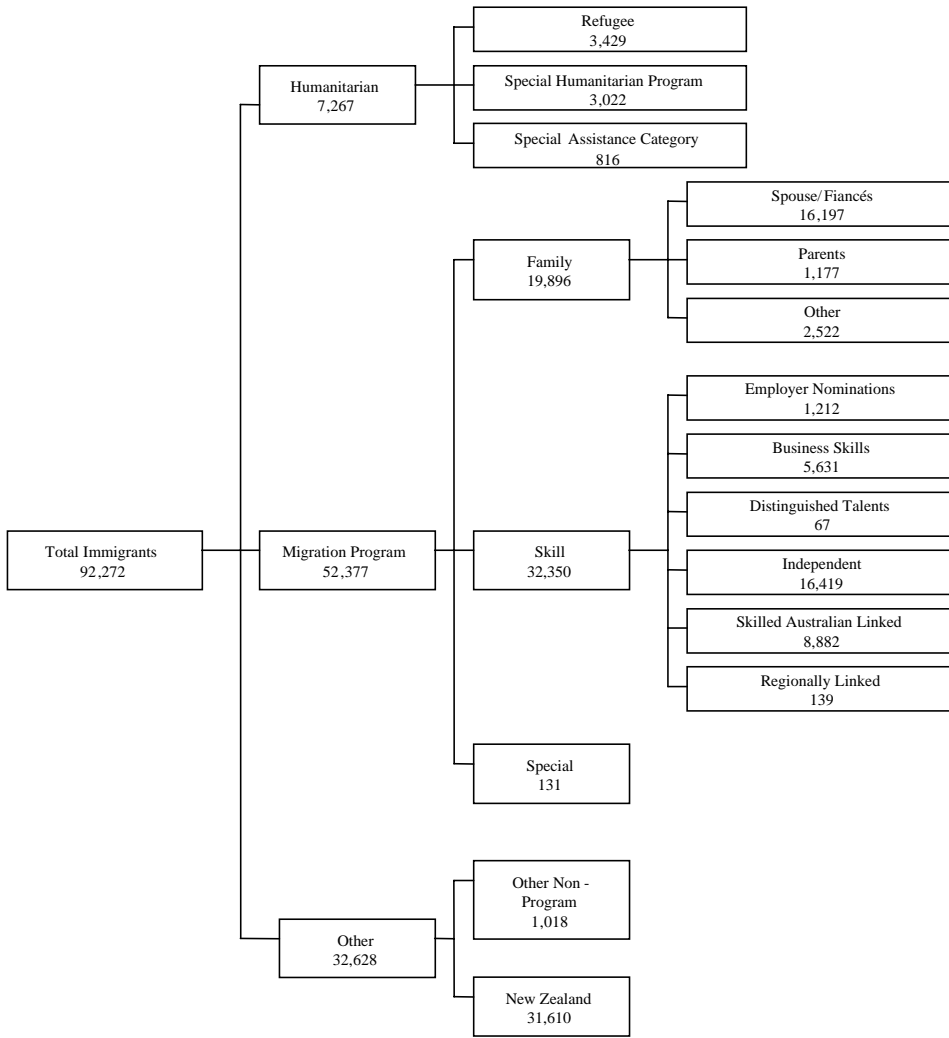
Source: Australian Bureau of Statistics, 1986 and 1996 One percentage Sample Tape of Population Census.

Table 36. **Australia: changing patterns of employment by birthplace,
June 2000 – June 2001**

Variable		Australia-Born	Non-English Speaking- Born	Mainly English Speaking-Born	
Total Workforce	2001	7,420,000	1,383,700	1,015,400	
	2000	7,297,000	1,369,100	998,300	
Growth	2000-01	123,000	14,600	17,100	
Unemployment Rate	2001	6.5	8.2	5.8	
	2000	6.2	7.4	5.2	
Participation Rate	M	2001	75.3	63.2	73.1
		2000	76.2	62.8	72.3
	F	2001	60.0	44.4	54.8
		2000	58.7	45.8	55.4

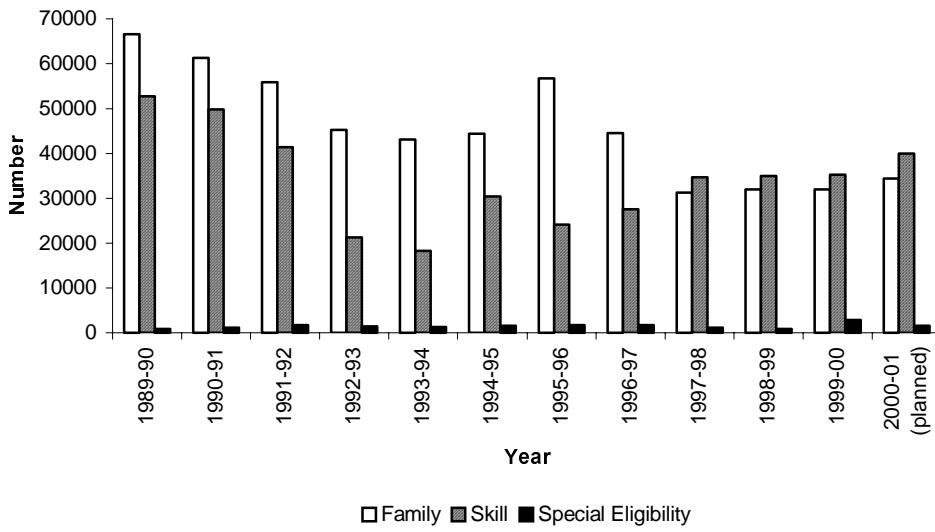
Source: ABS (2000 and 20001d).

Figure 1. Categories of immigration to Australia, 1999-2000



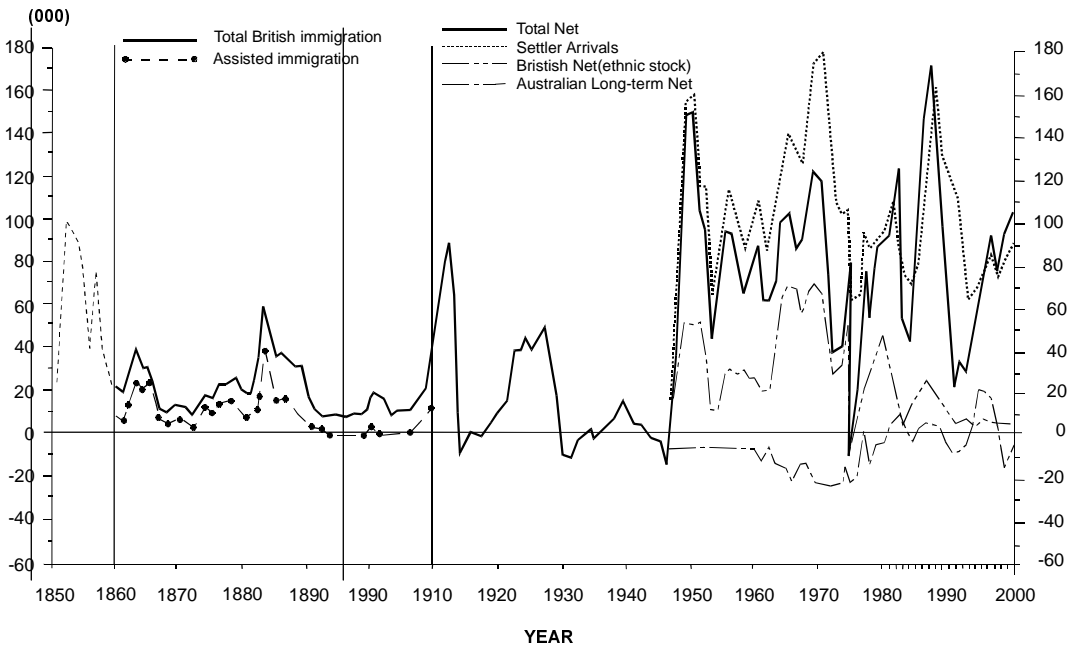
Source: From data in DIMA (2000b).

Figure 2. Australia: migration program outcomes by stream



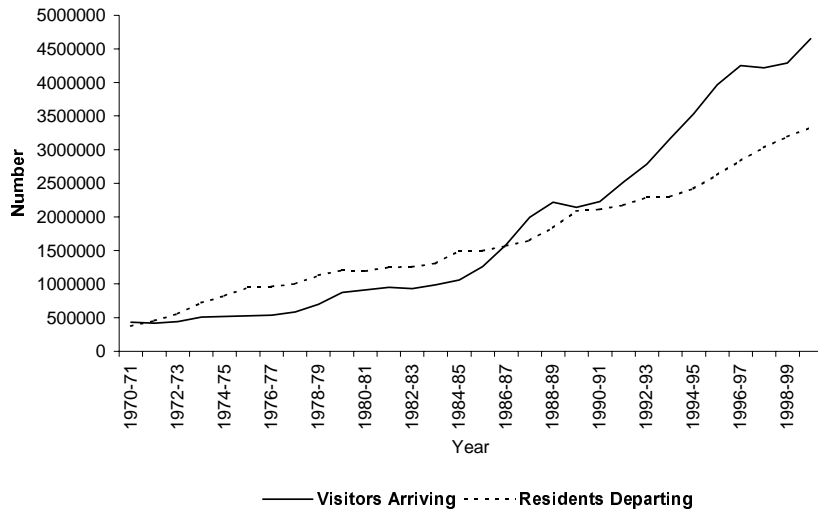
Source: DIMA Population Flows: Immigration Aspects, various issues.

Figure 3. Australia: annual migration, 1850-2000



Source: Price (1979); Hugo (1986); ABS Overseas Arrivals and Departures Bulletins; DIMA (2000b).

Figure 4. Australia: short-term movements, 1970-71 to 1999-2000



Source: DIMA Australian Immigration Consolidated Statistics and Immigration Update, various issues.

Figure 5. Australia: long-term arrivals and departures, 1959-60 to 1999-2000

Source: DIMA *Australian Immigration Consolidated Statistics and Immigration Update*, various issues.

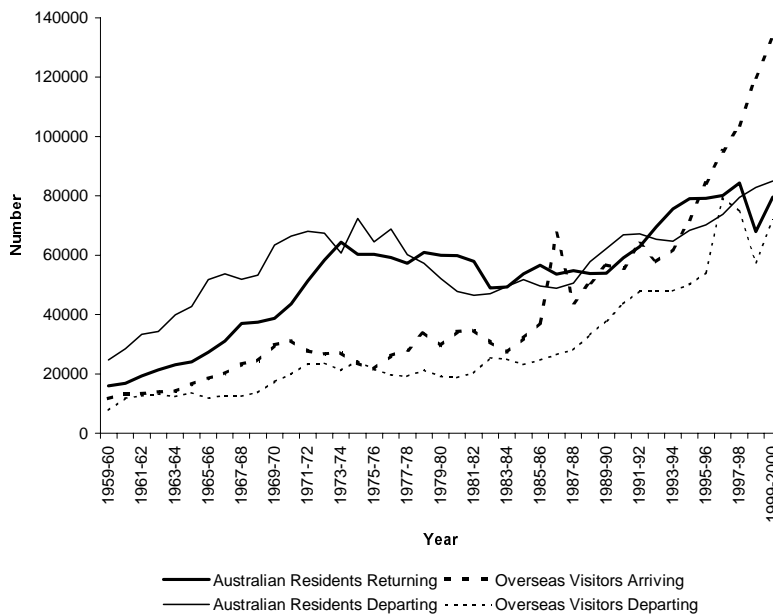


Figure 6. Australia: net permanent and long-term movement as a percentage of total net migration gain, 1983-2000

Source: DIMA Immigration Update, various issues.

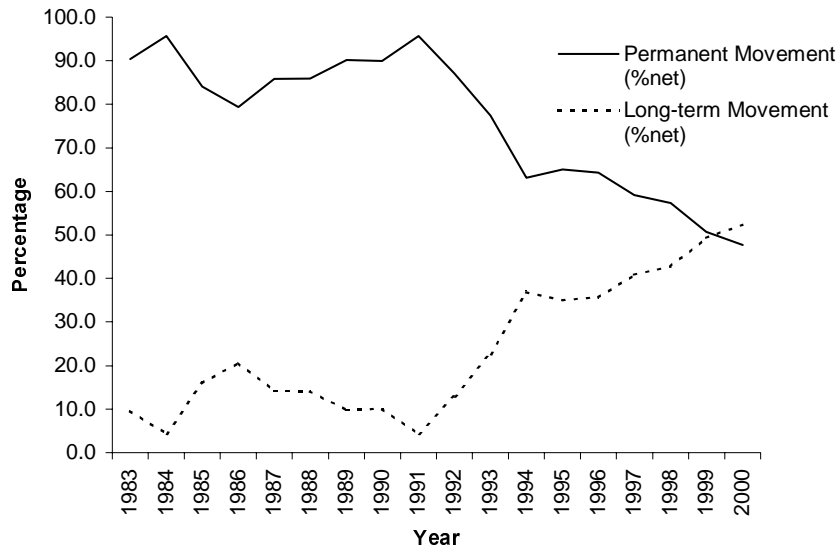
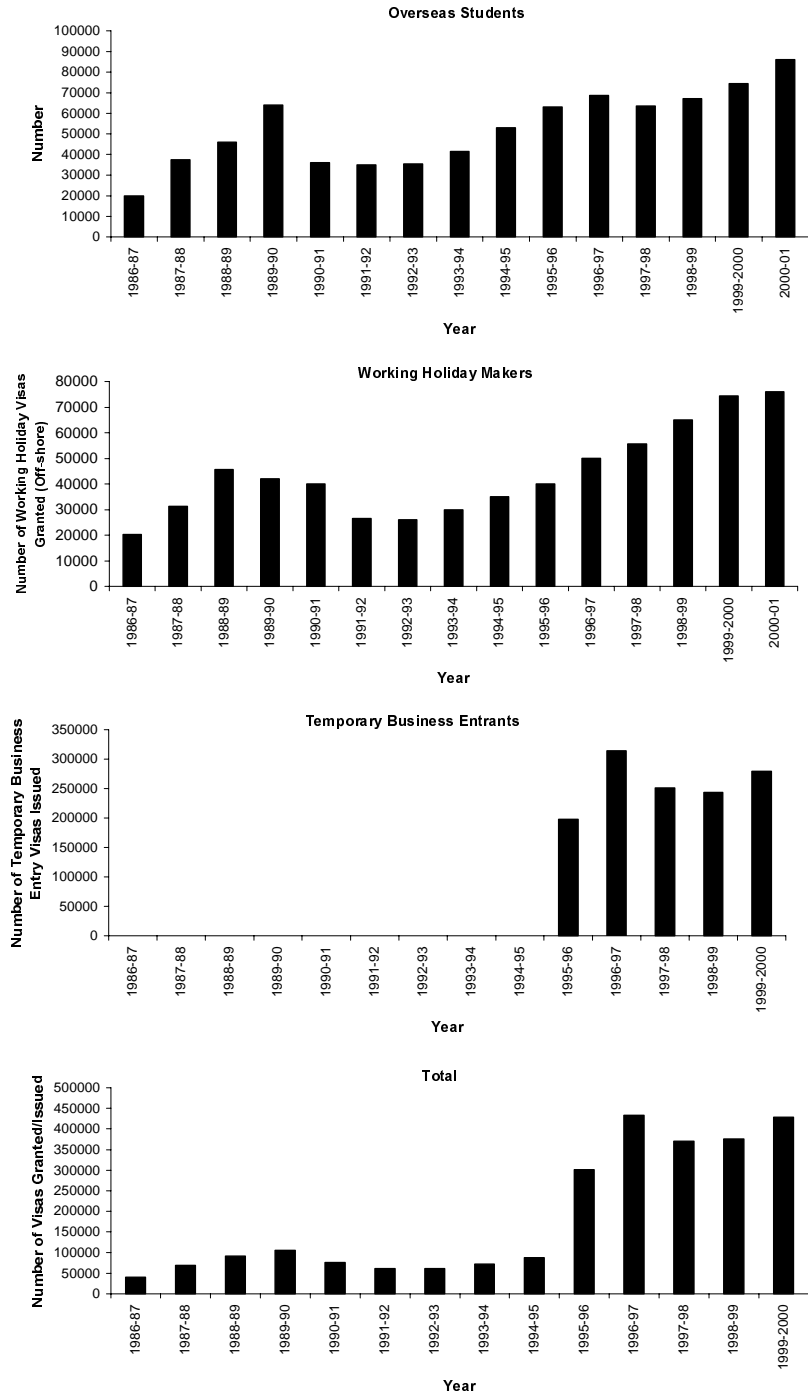
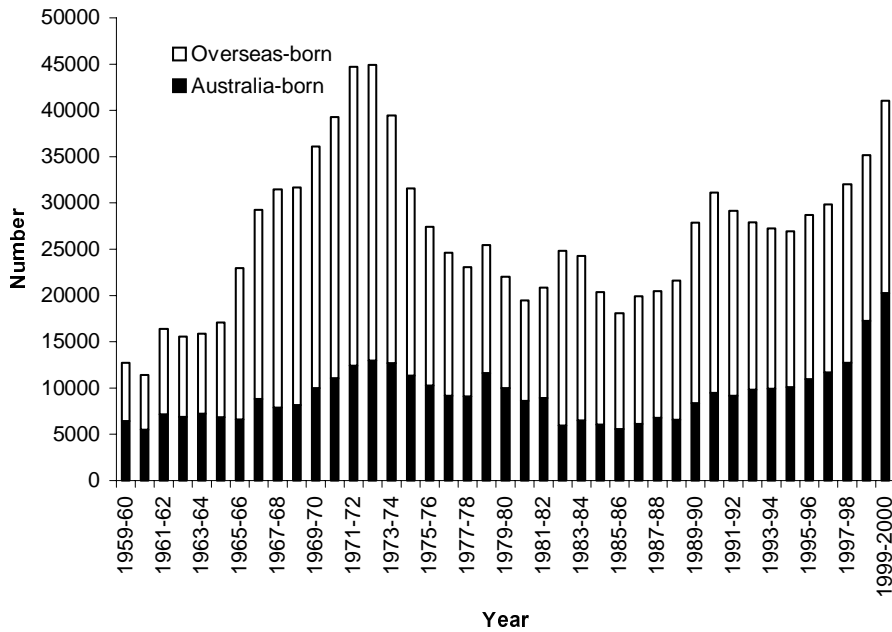


Figure 7. Temporary migration to Australia by category, 1986-2001



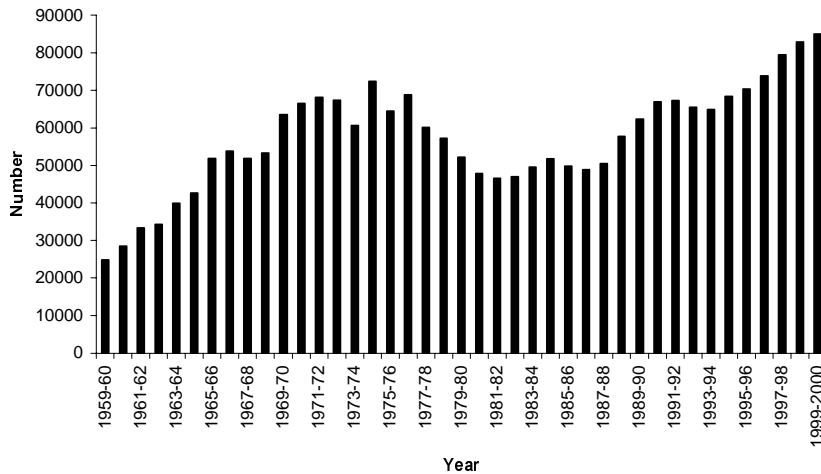
Source: DIMA Population Flows: Immigration Aspects, various issues; Ruddock (2002).

Figure 8. Permanent departures of Australian-born and overseas-born persons from Australia, 1959-60 to 1999-2000



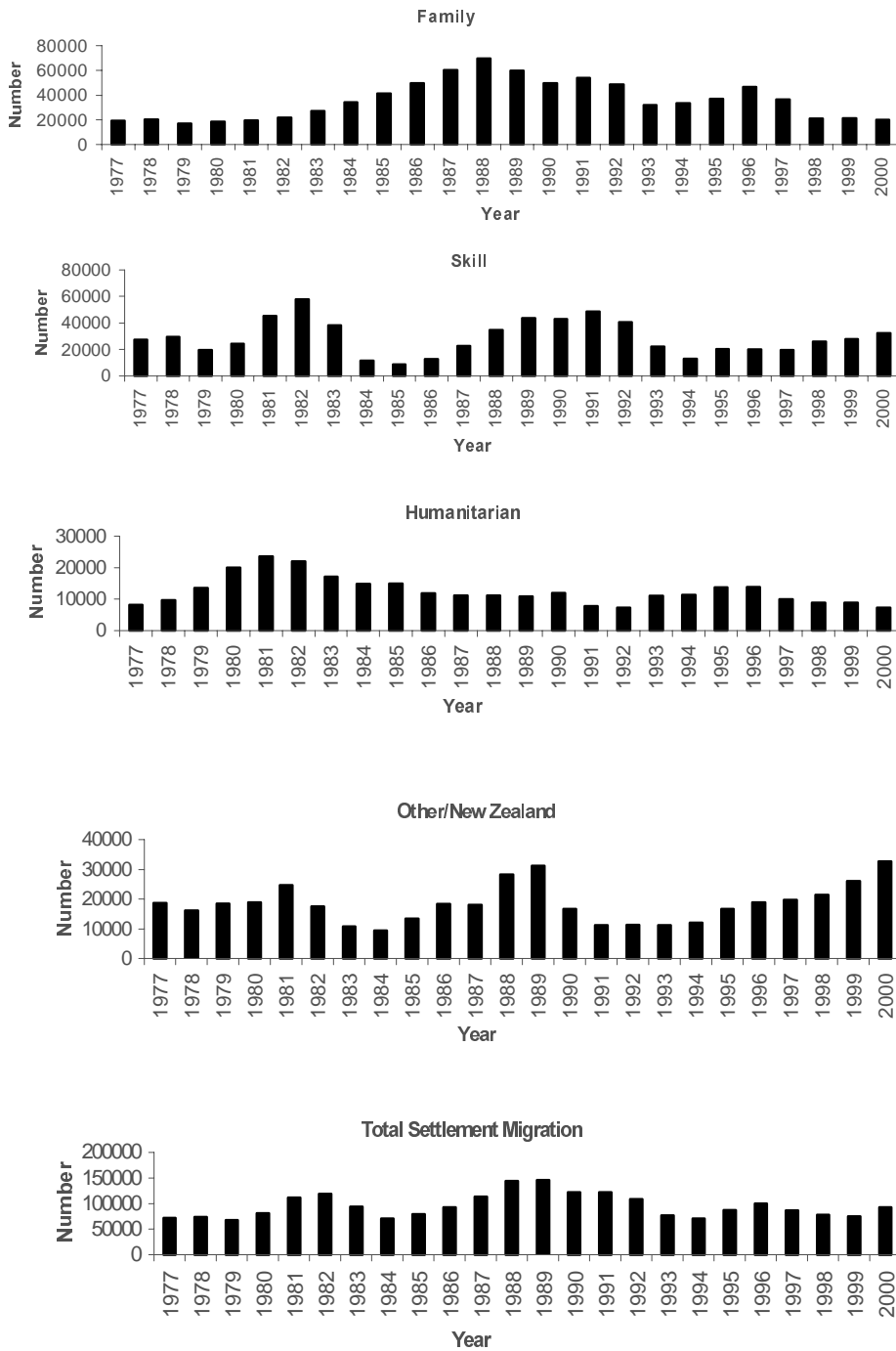
Source: DIMA Australian Immigration Consolidated Statistics and Immigration Update, various issues.

Figure 9. Australian resident long-term departures from Australia, 1959-60 to 1999-2000



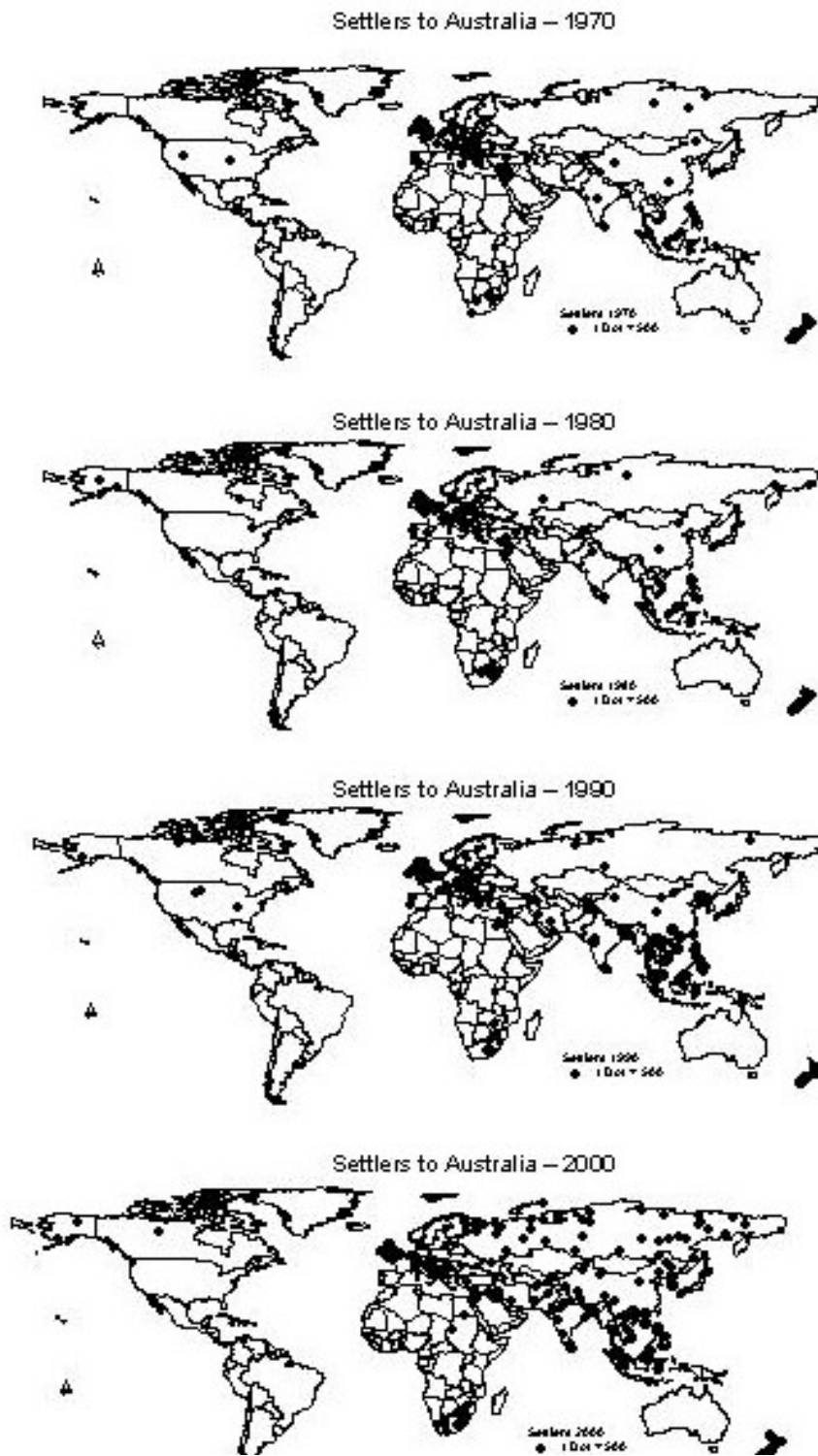
Source: DIMA Australian Immigration Consolidated Statistics and Immigration Update, various issues.

Figure 10. Australia: trends in intake of different types of settlers, 1977-2000



Source: DIMA Immigration Update and Australian Immigration Consolidated Statistics, various issues.

Figure 11. Distribution of birthplace of settlers to Australia, 1970-2000



Source: DIMA, Immigration Update, various issues.

Figure 12. Australia: student arrivals, 2000



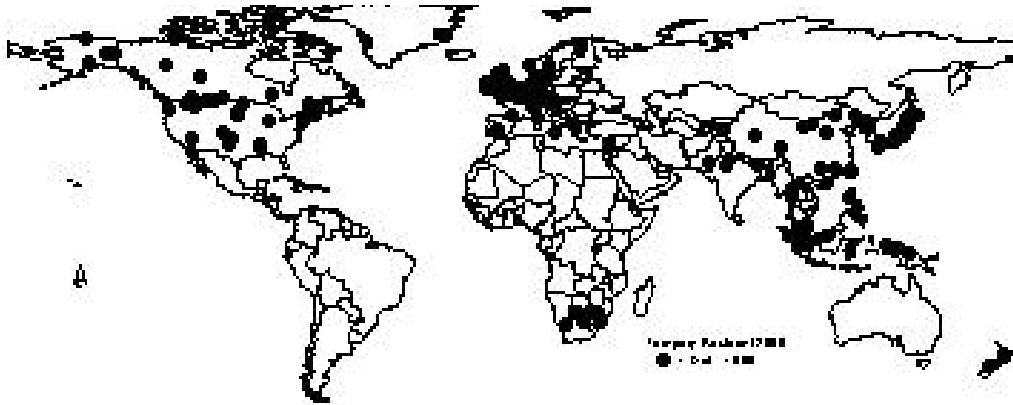
Source: Drawn from data in DIMA (2001).

Figure 13. Australia: working holiday makers arrivals, 2000



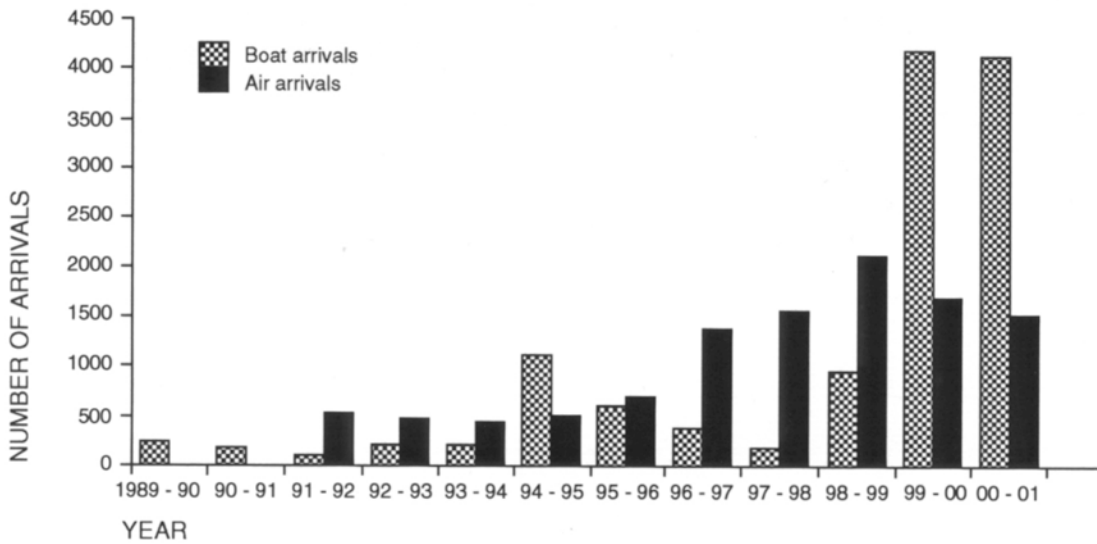
Source: Drawn from data in DIMA (2001).

Figure 14. Australia: temporary resident arrivals, 2000



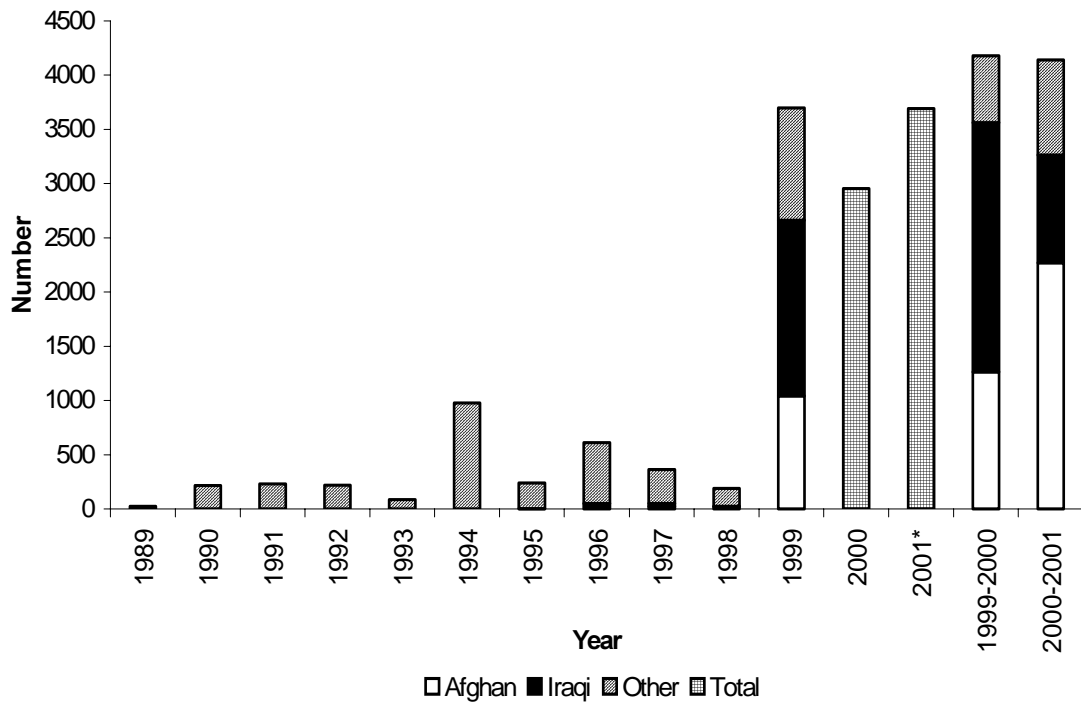
Source: Drawn from data in DIMA (2001).

Figure 15. Australia: unauthorised arrivals, 1989-90 to 1999-2001



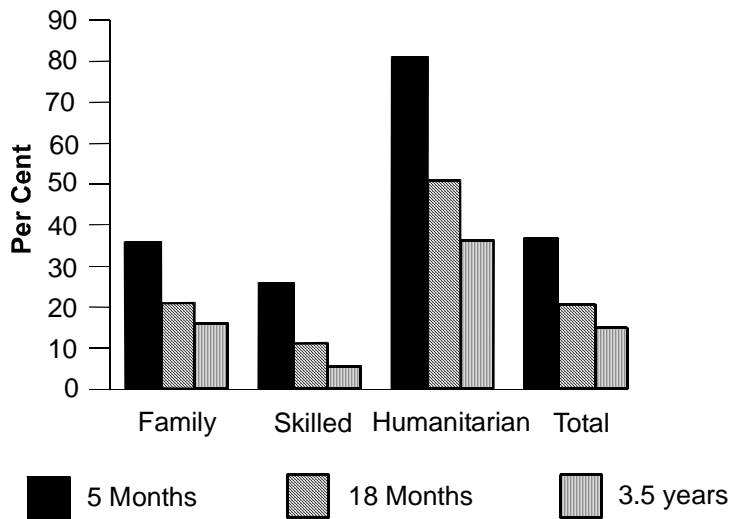
Source: DIMIA (2001c).

Figure 16. Australia: boat arrivals by nationality, 1989-2001



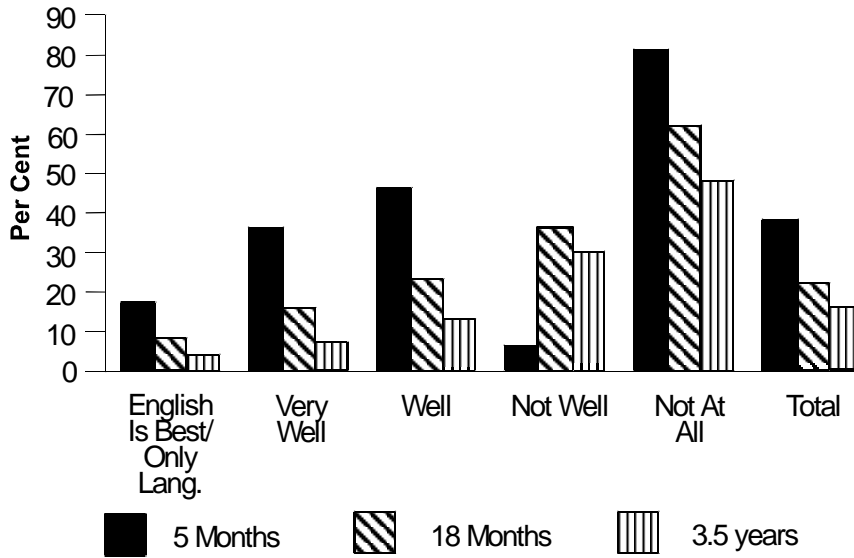
Source: DIMIA (2001c); Ruddock (2001).

Figure 17. Estimates of principal applicant unemployment rates by migration entry stream and time since arrival



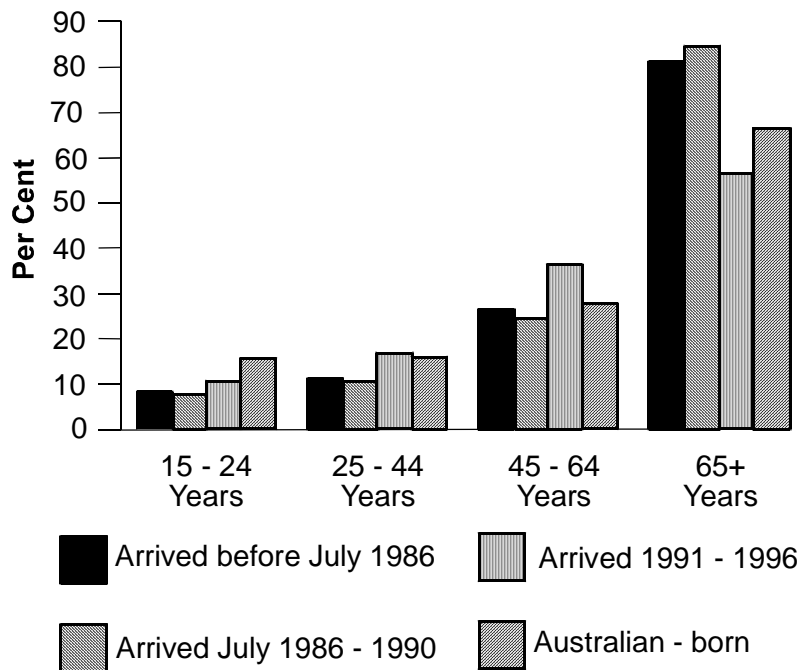
Source: DIMA (2000a)

Figure 18. Estimates of primary applicant unemployment rates by English profession



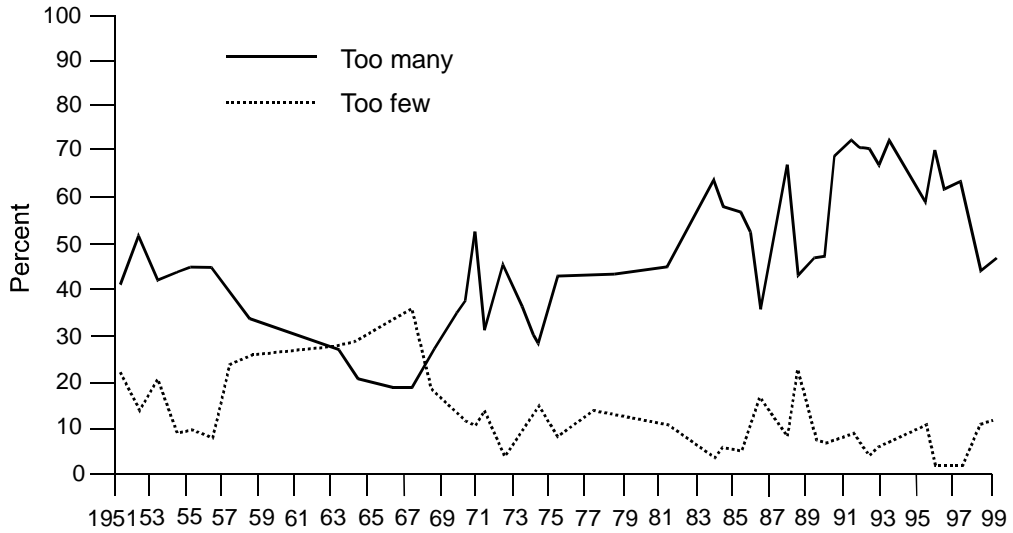
Source: DIMA (2000a).

Figure 19. Welfare recipient rates by age groups of overseas-born and Australia-born



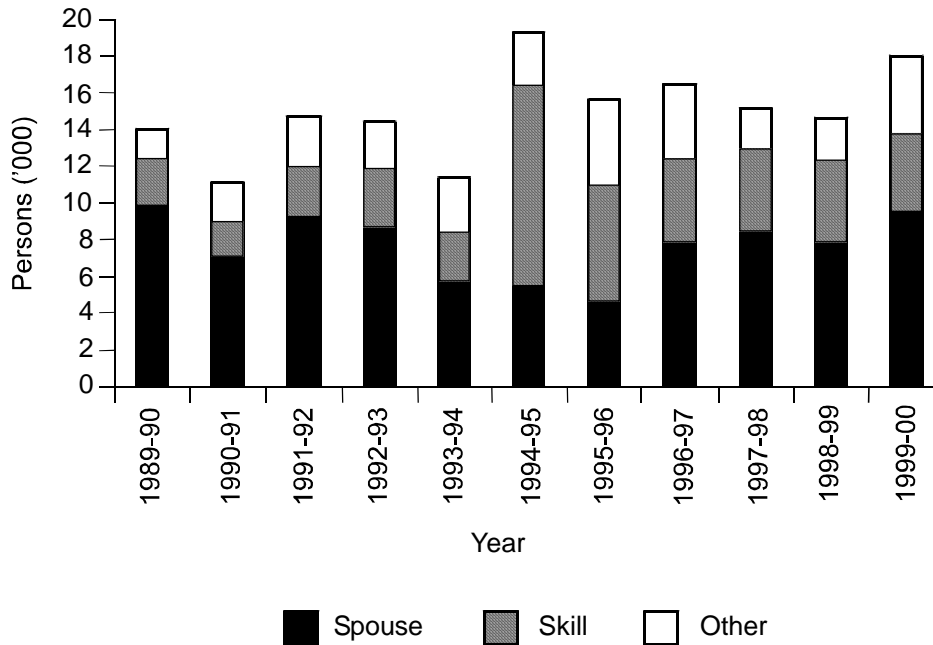
Source: DIMA (2000a).

Figure 20. Opinion polls on attitudes to immigration, 1951 to 1999



Source: Betts (2000).

Figure 21. Onshore residence grants, 1989-90 to 1999-2000



Source: DIMA Population Flows: Immigration Aspects, various issues.

RECENT SITUATION OF ECONOMIC DEVELOPMENT AND MIGRATION EMPLOYMENT IN CHINA

by

Zhang Feng

Office for International Organisation Studies

Introduction

In 2001 – the opening year of China's 10th Five-year National Economy Development Plan – the Chinese economy has managed to overcome unfavourable trends in the world economy and to maintain a healthy growth. The GDP has passed a major turning point (the critical threshold of 9 000 billion yuan), reaching up to 9 580 billion yuan. At present, the Chinese economy is the 6th most important in the world and its international competitive power has risen further.

The increase in the income tax went over 200 billion yuan that year, and the whole nation's revenue reached 1 400 billion yuan (+20%). The foreign exchange reserve reached USD 200 billion for the first time. Savings deposit in urban and rural areas made a breakthrough of 7 000 billion yuan, also for the first time, an increase of 800 billion yuan compared with the beginning of the year. An overall increase has been recorded in fixed assets investment, real estate investment and foreign capital investment. This reflects the full confidence of investors in the Chinese economy. The fixed assets investment in 2001 surpassed 200 billion yuan, an increase of over 16%. The real estate investment also increased quickly by 30%. More than USD 100 million of foreign capitals were being brought into China every day in 2001, and the amount of FDI reached USD 47 billion. The total value of foreign trade imports and exports went over USD 500 billion for the first time, reaching 509.77 billion USD (an increase of 7.5%). The total export value was USD 266.16 billion, an increase of 6.8%, while import amounted to USD 243.61 billion, an increase of 8.2% that adds up to a favourable trade balance of USD 22.55 billion. In spite of a worldwide recession, the GDP was to increase further by 7.3% in 2002.

Labour market and employment

The total volume of employment in China has been augmenting continually and the employment structure has improved in 2000. By the end of that year, 711.5 million people were employed, among whom 355.75 million in the primary sector, 160.09 million in the secondary sector and 195.66 million in the tertiary sector, accounting for 50%, 22.5% and 27.5% of the total respectively. 212.74 million were from urban areas, and among them, 116.12 million were from urban units. In persons employed in urban units, 81.019 million worked in state-owned units, 14.993 million in collectively owned units and 20.113 million in other ownership units. The registered unemployment rate was 3.1% in 2000.

The effort in establishing basic living conditions and to guarantee re-employment for laid-off workers from state-owned enterprises has achieved remarkable success. By the end of 2000, out of 6.57 million workers laid-off by state-owned enterprises, 93.5% entered re-employment service centres established by enterprises with the help of local authorities. The 4.92 million laid off workers

who were re-employed in 2000 represent a 35.4% re-employment rate. By the end of June, 2001, 6.32 million people had been laid-off by state-owned enterprises.

The coverage of the unemployment insurance system has expanded continuously in 2000. By the end of the year, 104.08 million persons were covered by this system, an increase of 5.56 million (6%) over the previous year. The annual revenue of the unemployment insurance fund amounted to 16 billion yuan, an increase of 28%, and its expenditure was 12.3 billion yuan. The function of unemployment insurance system has been obviously enhanced, with 3.3 million unemployed workers receiving payments for unemployment benefits in 2000.

From January to June 2001, the average wage in urban areas was of 4 707 yuan, a 2.7% increase on the previous year. Workers from state-owned units earned an average wage of 4 824 yuan, an increase of 12.4% comparing with the previous year, while those from collectively-owned and other units earned 3 037 yuan and 5 466 yuan respectively (+9.4% and +11.5%).

Overseas employment

Overseas employment in China started in the late 1970s and has developed remarkably in recent years. It consists of two categories, project engineering and international labour co-operation, and overseas employment of individuals. Project engineering refers to the contracting and implementing of engineering projects abroad for foreign governments, enterprises, individuals and international organisations on the basis of international bidding; international labour co-operation refers to the export of labourers abroad for economic, social and science/technology activities under contracts with foreign governments, institutions, enterprises and individual employers with a view to earning remuneration. Overseas individual employment refers to labourers going abroad for employment as individuals through arrangements made by employment service agencies. Among these categories, the former has been carried out for over 20 years, while the second has developed in the 1990s. Individual overseas employment, small in scale at present, is increasing gradually.

Project engineering and labour co-operation abroad are the major forms of overseas employment for Chinese citizens. Most contracts are short-term (1-2 years) and workers have to return to China after their expiration. The competent government department for these matters is the Ministry of Foreign Trade and Economic Co-operation. In the past 20 years, the value of project engineering and labour contracts has amounted to USD 120 billion, with more than 2.4 million workers overseas. From January to November 2001, USD 9.5 billion worth of contracts were completed and 34 000 new contracts worth USD 13.3 billion were signed. By the end of November, 460 000 workers were working abroad.

In terms of market shares, China's projects in engineering and labour co-operation have spread to about 180 countries and territories, forming a multilateral market structure of which Asia is the centre. At present, 1 600 enterprises are allowed by the Ministry of Foreign Trade and Economic Co-operation to engage in international projects. Thirty-four Chinese enterprises are listed among the 225 biggest international contractors in the world by the Engineering News Record (ENR) of the United States.

Some problems remain, however, in project engineering and international labour co-operation. Compared with traditional labour exporting countries, China does not prioritise international labour co-operation as much as international trade; the legislation and management system in this matter are not perfect; there are not enough labour exporting channels to meet the needs; some labour exporting activities are unlawful; labourers have difficulties adapting to the environment

and competition abroad; and the legal rights and interests of labourers are not sufficiently guaranteed. In view of this situation, the government has taken a series of measures, such as taking labour exporting as part of service trade and improving its regulations and rules, developing more international labour co-operation channels and simplifying procedures for labourers going abroad, and carrying out training to increase the workers' technical and personal skills, including language ability and knowledge on foreign countries.

The export of seamen – including fishermen – is an important part of overseas employment. Since the 1970s, 140 000 seamen have been employed on foreign ships; 20 000 are working abroad at present. The competent government department for matters concerning seamen working abroad is the Ministry of Communications. The government has also adopted regulations in an effort to accelerate the development of this sector and protect the interests of Chinese seafarers.

Individual overseas employment occupies a relatively small share in the total overseas employment. The competent department responsible for the administration of this matter is the Ministry of Labour and Social Security. According to its data, labourers employed abroad under the arrangement of overseas employment service agencies have added up to over 80 000 since the early 1990s. The sectors in which they mainly engage are agriculture, garment, household activities, and restaurants.

Concerning the overseas employment of professionals and skilled workers in China, there is no data available from the government. The majority of overseas workers under contracts of project engineering and international labour co-operation should be in this category. In addition, tens of thousands of students study abroad every year. In 2000, for instance, about 40 000 students went abroad to study, including 2 800 sent and subsidised by the government, 3 900 by units and institutions and 32 000 travelling at their own expenses. According to statistics, about half of the students who go abroad return after completing their studies, and the rest are employed as professionals in foreign countries. There is no data about the number of students who entered the IT industry abroad.

By the end of 2001, 46 employment agencies were operating with a license given by the Ministry of Labour and Social Security to engage in overseas employment service. According to the Provisional Regulation on Sino-foreign Joint and Co-operative Employment Service Agency issued in December, 2001, the business of such agencies include, among other things, service for Chinese labourers going abroad for employment. Foreign-funded employment service agencies, however, are not allowed in China to this day.

Employment of foreigners in China

The employment of foreigners in China can be divided into two categories.

The first category consists of foreigners working in China with a status of invited foreign experts. They are classified as experts in economics, technology and management; and experts in education, science, culture and public health. The department responsible for foreign experts matters is the State Bureau of Foreign Experts. Economy, technology and management experts include engineers, senior technicians and managerial staff members. Their working areas are technology, management and other service under agreements or economic and commercial contracts signed by the Chinese government with foreign governments, international organisations and foreign partners; contracted projects or key construction projects; and senior technicians and managers in foreign-funded companies. Education, science, culture and public health experts include teachers and

professionals engaging in education, media, and publication. This category of foreign experts also includes those working in scientific research centres, academies, as well as public health, culture, art and sports institutions.

In the past 20 years, the number of invited foreign experts has added up to over a million, from more than 50 countries and territories. The services of foreign experts have developed in many fields including industry, agriculture, key projects, culture and education, finance, commerce, health and sport, news and publishing, law service, etc. By the end of 2000, 1 500 working units were allowed to invite foreign experts in education, science, culture and public health. In the year 2000, 220 000 foreign experts were invited to work in China, that is, 8 times more than 10 years ago. In 2001, 50 foreign experts with outstanding contributions in their fields were awarded by the “Friendship Prize” issued by the government (600 foreign experts from 51 countries in total have obtained this award up to now).

The second category of foreigners working in China are those who have no permanent residence status and are engaging in remunerated work in China. As opposed to some other countries who sometimes suffer from a shortage of labour force, China has rich labour resources and low labour costs; thus, the government has not adopted a policy that would attract external labourers. However, along with the reform and the opening on the outside world, more and more exchanges develop in economic, social and cultural fields, and the number of foreigners employed in China has increased. To face the situation, the Chinese government has implemented a policy with a view to attracting senior technical and managerial personnel but restricting the entry of unskilled foreign labourers.

In an effort to regulate the employment of foreigners in China, the government issued the Rules for the Administration of Employment of Foreigners in China in 1996. According to these Rules, employers have to apply for permission for the foreigners they wish to employ and obtain an Employment License for Foreigners. The posts to be filled by foreigners should be those that cannot be filled by qualified domestic employees at the time being.

The Rules stipulates that one of the following categories of foreigners can be exempted from getting employment license and permission from the Ministry of Labour and Social Security: *(i)* foreign experts invited by the government or government departments and institutions that have the Foreign Expert Card issued by the State Bureau of Foreign Experts; *(ii)* foreign workers engaging in off-shore oil drilling operations without needing to go ashore; and *(iii)* foreigners making commercial performance with the Provisional Permit on Commercial Performance issued by the Ministry of Culture.

The Rules also stipulates that wages and other remuneration of foreigners are to be provided by the units employing them in accordance with the law and regulations concerned. The wages of foreigners might be determined through consultation but can not be lower than minimum wage standards. Their working time and holiday, vocational safety and health, as well as their social insurance are to be handled in the light of provisions concerned.

The Ministry of Labour and Social Security is responsible for the administration of foreigners’ employment in China. According the Ministry, about 120 000 foreigners were employed in China between 1996 and 2001. By the end of 2001, work permit holders amounted to 60 000.

The above two categories of foreigners employed in China are professional and managerial; there is no data on their distribution by industry and no figure for the ones engaging in IT activities. The number of foreigners working in China is obviously quite small compared with the huge labour market of the country and the situation will not change a lot in the near future. However, the scale of

foreign employment in China has been growing gradually since the further opening of the country. Along with the participation in the WTO, the labour market relations between China and the world will be tighter and the opening of the tertiary sector will also attract more foreigners.

Illegal foreign employment

The phenomenon is rare in China at present and strictly prohibited by the government. According to the Implementing Rules of the Law on Control of Exit and Entry of Foreigners in China, illegal foreign employment should be terminated and fined when detected and the foreigners concerned are sent out of the country within a stated time if the case is serious. There is no available data from the governmental department concerned about this phenomenon.

Table 1. **Gross domestic product** (100 million yuan)

Year	Gross National Product	Gross Domestic Product	Primary sector	Secondary sector	Tertiary sector	Per capita GDP (Yuan)
1993	34560.5	34634.4	6882.1	16428.5	11323.8	2939
1994	46670.0	45759.4	9457.2	22372.2	14930.0	3923
1995	57494.9	58478.1	11993.0	28537.9	17947.2	4854
1996	66850.5	67884.6	13844.2	33612.9	20427.5	5576
1997	73142.7	74462.6	14211.2	37222.7	23028.7	6054
1998	76967.2	78345.2	14552.4	38619.3	25173.5	6307
1999	80579.4	82067.5	14472.0	40557.8	27037.7	6547
2000	88189.6	89403.6	14212.0	45487.8	29703.8	7078

Table 2. **Main indicators of national labour statistics**

Item	1999	2000	Increase Rate (1999=100)
Total population (10 000)	125 909	126 583	0.5
Economically active population (10 000)	71 983		
Employment (end of year, 10 000)	70 586	71 150	0.8
Urban employment	21 014	21 274	1.2
Unit employment	12 130.2	11 612.5	-4.3
State-owned units	8 572.1	8 101.9	-5.5
Collectively-owned units	1 711.8	1 499.3	-12.4
Other ownership units	1 846.3	2 011.3	8.9
Number of staff and workers (10 000 persons)	11 733.4	11 258.5	-4.4
State-owned units	8 336.1	7 877.5	-5.5
Collectively-owned units	1 651.9	1 446.5	-12.4
Other ownership units	1 785.4	1 934.5	8.4
Employment in urban private enterprises and individuals	3 466.9	3 404.0	-1.8
Rural employment	49 572	49 876	0.6
Earnings of the urban units Employment (100 million yuan)	10 155.9	10 954.7	7.9
State-owned units	995.8	950.7	-4.5
Collectively-owned units	1 870.1	2 259.1	20.8
Other ownership units	9 875.5	10 656.2	7.9
Total wages of staff and workers (100 million yuan)	7 160.8	7 612.9	6.3
State-owned units	962.7	919.0	-4.5
Collective-owned units	1 752.0	2 124.3	21.3
Other Ownership Units			
Average earning of the urban units Employment (yuan)	8 319	9 333	12.2
State-owned units	8 443	9 441	11.8
Collectively-owned units	5 758	6 241	8.4
Other ownership units	10 142	11 238	10.8
Average wage (yuan)	8 346	9 371	12.2
State-owned units	8 543	9 552	11.8
Collectively-owned units	5 744	6 626	8.5
Other ownership units	9 829	10 984	11.8
Urban unemployment (registered) (10 000)	575	595	3.5
Number of retired (10 000)	3 726.9	3 875.8	4.0

Table 3. Foreign trade and economic co-operation

Items	1996	1997	1998	1999	2000
Total value of import and export (RMB 100 million Yuan)	24 133.8	26 967.2	26 857.7	29 896.3	39 274.2
Total exports	12 576.4	15 160.7	15 231.6	16 159.8	20 635.2
Total imports	11 557.4	11 806.5	11 626.1	13 736.5	18 639.0
Balance	1 019.0	3 354.2	3 605.5	2 423.2	1 996.2
Total amount of foreign capital to be used in the signed agreement & contracts (USD 100 million)	816.10	610.58	632.01	520.09	
Foreign Loans	79.62	58.72	83.85	83.60	
Foreign direct investment	732.77	510.04	521.02	412.23	623.80
Other foreign investment	3.71	41.82	27.14	24.62	87.50
Registered foreign-funded enterprises	240 447	235 681	227 807	212 436	203 208
Number of registered enterprises					
Total investment (USD 100 million)	7 153.22	7 534.70	7 742.29	7 785.68	8 246.75
Registered capital (USD 100 million)	4 414.85	4 598.14	4 672.87	4 635.49	4 839.50
Capital from foreign partners	2 897.96	3 029.87	3 137.12	3 166.82	3 371.99
Economic co-operation with foreign countries & territories (USD 100 million)	102.73	113.56	117.73	130.02	149.43
Contracted value					
Contracted projects	77.28	85.16	92.43	101.99	117.19
Labour service	25.45	28.40	23.90	26.32	29.91

Table 4. Economic co-operation with foreign countries or territories

Year	Number of countries or territories with contracts signed	Number of contracts	Contracted value	Value of business fulfilled (USD 100 million)
Total		206 048	1 114.12	809.33
1996	178	24 891	102.73	76.96
1997	181	28 442	113.56	83.83
1998	188	25 955	117.73	101.34
1999	187	21 126	130.02	112.35
2000	181	23 565	149.43	113.25
Contracted Projects				
1996		1 634	77.28	58.21
1997		2 085	85.10	60.36
1998		2 322	92.43	77.69
1999		2 527	101.99	85.22
2000		2 597	117.19	83.79
Labour Co-operation				
1996		22 723	22.80	17.12
1997		25 743	25.50	21.65
1998		23 191	23.90	22.76
1999		18 173	26.32	26.23
2000		20 474	19.91	28.13

HONG KONG (CHINA)*
by
Stephen W.K. Chiu
Chinese University of Hong Kong

Introduction

Since the mid-1980s, Hong Kong has undergone significant economic restructuring. With the emergence of new low cost competitors in the Asian-Pacific region and the erosion of its own cost advantage, the growth of manufacturing industries and the mainstay of its economy began to slacken. Consequently, a wave of outward investment commenced, leading to de-industrialisation and structural transformation into a service-based economy. In 1997 and 1998, this trend was amplified by the Asian financial crisis. The crisis and the resultant hike in interest rate burst the property bubble late in the year, triggering off a process of downward adjustment in asset prices. This sent ripples to the whole economy and companies embarked on retrenchment measures to cut cost and raise productivity. Unemployment has risen and output contracted. Although in 2000 there were signs for economy to pick up, the global slow down since the second half of 2001 quickly plunged Hong Kong back into a deep recession.

In contrast to the economic upheaval, the dire forecasts concerning the return of Hong Kong to Chinese sovereignty did not materialize. The Chinese government continued to take a back seat to Hong Kong local administration and a healthy respect for the autonomy of local affairs appears to be evident. As the changeover in sovereignty has not caused major changes in the political framework and personnel, there is also a fundamental continuity in international migration policies, both in and out of the territory. One controversial area was actually the demands for a change to colonial policy, *i.e.* the right of abode issue which I will discuss in greater length below. Issues related to the employment of foreign domestic helpers in Hong Kong also arose, which will be tackled in this paper.

This study undertakes the task of sketching recent economic changes in Hong Kong and examines the relationship between the process of restructuring and the trends in international labour migration. I will first review some of the major indicators of Hong Kong's macroeconomic conditions and the structural transformation in the economy. The second section will examine the combined effects of macroeconomic trends and industrial restructuring on the labour market. With these backgrounds, this paper will move on to the third section, where the patterns of international emigration and immigration of labour is discussed. The fourth section will describe the policy-making process on immigration.

* The author wishes to acknowledge the kind support of the Labour Department and Immigration Department by providing unpublished information on immigration into Hong Kong. Comments and supplementary information from the Labour Department, the Immigration Department, and other government bodies on various versions of this paper are gratefully acknowledged. Particular thanks have to be extended to Mr Arthur Fung Ying-lun of the Labour Department for commenting on the drafts of this report. All omissions and errors are my responsibility.

An overview of the economy

Stepping into the nineties, the Hong Kong economy appeared to have settled down to a pattern of slow growth. Real economic growth rates in the first few years of the nineties were obviously lower than in the late 1980s but GDP growth rebounded to 6.3% and 6.1% in 1992 and 1993 respectively. Such a revival was much less spectacular than the ones to which Hong Kong was accustomed in the previous decades, but the economy has apparently become more stable. The real GDP growth rate, however, still exhibited a long-term downward trend, dropping steadily to the 4.5% in 1996. With the high interest rate induced by the crisis and a (property and stock) market slump, GDP growth began to slacken in 1997. While the annual figure still recorded a 5% growth, the economy stepped into recession since October. The recession was even more pronounced in the second half of 1998 and the year 1998 eventually charted a 5.3% decline in real GDP change, a record since the early 1980s. In the second half of 1999 and in 2000, the economy appeared to pick up again, reaching 10.5% in 2000. Stepping into 2001, however, it was obviously slowing down and in the third quarter, negative growth was registered once again because of the repercussions of the global recession (Table 1).

On the external trade front, total exports of goods continued to grow in real terms until 1998, albeit at a much slower rate. Of course, by the mid-1990s, much of Hong Kong's exports consisted of re-exports rather than exports of domestic production. This appears to signal Hong Kong's transformation from an export-oriented economy to a trans-shipment centre. The year 2000 saw substantial growth (17.1%) in exports, only to be in the red again in 2001. Gross domestic fixed capital formation recorded an impressive growth rate in 1997 after a long period of slow growth in the eighties, while the public sector played an important role in this revival of investment. Government infrastructural projects and private sector property development contributed to the high rate of growth in 1997 but the bursting of the bubble economy led to a substantial downturn in investment activities. Growth in private consumption expenditures, on the other hand, began to slacken in 1995 and 1996, but 1997 saw a rebound in private consumption owing to the handover celebrations and bubble economy. As Table 1 shows, private consumption declined in the wake of the financial crisis. Government consumption has been holding steady and continued to be an important component of overall economic growth. Consistent with the reversal of trends in 2001, all major components of GDP recorded much lower rates of growth in the first three quarters, with the contraction of exports and imports contributing to the overall negative growth in the third quarter.

More importantly, the cyclical downturn coincided with the tremendous structural transformation of the economy. In the 1980s, the share of manufacturing industries in the national product declined relative to other sectors. The tertiary sector also overtook manufacturing as the high-growth sector. In terms of contribution to the GDP, financing and business services had very impressive growth rates in the past few years, so had the commerce (wholesale, retail, export and import trades, hotels and restaurants) sector.

The structural transformation of the Hong Kong economy is partly a reflection of the restructuring in the manufacturing sector since the mid-1980s. While the employment implications of the industrial restructuring will be discussed in the next section, here I will focus on the underlying mechanism of the process: massive outward relocation of manufacturing production (see also Lui and Chiu, 1993, 1994). An abundant supply of low-cost land and labour and the implementation of market reforms have prompted manufacturers in Hong Kong to relocate their production sites across the border and into South China. Direct investments in both directions between Hong Kong and China have further tied the two economies together, so that besides the inflow of Chinese investment to Hong Kong, Hong Kong investment topped all other countries and grew at a rapid rate. At the end of 1995, the value of realized Hong Kong direct investments in China reached USD 20.4 billion. Some

42% of all foreign direct investment came from Hong Kong (*China Statistical Yearbook*, 1996, p. 598).

The prime variable in Hong Kong's labour market changes is undoubtedly the dazzling pace of industrial restructuring and structural change. The magnitude of the change can perhaps be gauged by the sectoral distribution in employment, as shown in Table 3. Even in absolute terms, the number of workers employed in manufacturing was dwindling in the 1980s. In line with the relocation of manufacturing production to low-cost countries, the number of workers engaged in manufacturing as reported by the General Household Survey was almost halved from 918 600 in 1987 to 558 300 in 1994. The commerce sector (wholesale and retail trade and import/export) now becomes the largest employer, increasing its employment from 627 900 to 849 000 during the same period. The financial and business services sector also recorded a growth in workers engaged. During the decade before 1994, manufacturing employment slumped by 39.2%, while financial and business services and transport and communication shot up 132% and 64% respectively. Growth rates were equally impressive in commerce and community services. The trend continued well into 1998, with the share of manufacturing employment dropping further and the commerce sector increasing.

The labour market

After a period of tight labour market, labour market began to "loosen up" in the 1990s. Between 1992 and 1994, 181 000 more persons entered the labour market than those who exited. Coupled with the relocation of low-skill manufacturing jobs overseas, the level of unemployment steadily climbed up. Unemployment rate started to drop in 1996. However, since the onset of the Asian financial crisis, unemployment began to rebound. In 1998, unemployment rate stood at over 5%, but by 1999 it finally exceeded 6%, an all-time high since the 1980s. During the short-lived rebound of the economy in 2000, unemployment dropped back from 6% to below 5%. In the first three quarters of 2001, however, unemployment rate climbed steadily again and approached 5.3% during the third quarter while underemployment reached 2.5%.

Real wages grew at a slow rate for craftsmen and operatives, and had actually declined in 1994, 1995 and 1998. Middle level employees like clerical and sales workers enjoyed a more healthy growth, but their wages also dropped by 1.3% in 1995. During the height of the Asian Crisis, real wage changes were negative and zero for craftsmen and middle-level employees respectively. Before 1997, the high inflation rate had eroded the growth in money wages but after 1998, deflation had actually turned stagnant or declining money wages into positive real wage growth. Aggregate figures are also likely to mask divergent trends across the different sectors, as Hong Kong experienced a rapid structural transformation. Operatives in the manufacturing industries, for example, suffered a real decline in wages over the last decade, while clerical, technical and supervisory employees in the same industries had a handsome growth (Census and Statistics Department, 1999*a*). In retailing, wages grew quickly, but restaurants and fast food shops had only a sluggish growth. The banking and insurance industry also recorded faster wage hike. The differentiation of the market position between rank and file workers and managerial and professional employees is also becoming obvious, as pay rises of the latter categories have exceeded those of all workers in the past few years. Even after the Asian Crisis, managers and professionals continued to enjoy much higher real wage growth than other employees.

Emigration

Hong Kong has no legal restriction nor precise records on emigration. Hong Kong residents now enjoy as much freedom of travelling out of the SAR as under British rule. Because of this, when a

Hong Kong resident departs from the territory, no question is asked about his or her departure (permanent/temporary; purpose of the trip...). Hence, the crucial question in a emigration move is whether the host country is willing to accept or reject the migrant. Even though the government has no precise information about the number of emigrants, it does make an estimate of the overall annual number, based on three sources, namely, information supplied by various foreign diplomatic representatives in Hong Kong on the number of visas issued, the number of certificates of no-criminal conviction issued by the Hong Kong police (often used for visa application), and the balance of departures and arrivals of Hong Kong residents over the year (Skeldon et al., 1995, p. 91). The precise method of estimation is unknown and the estimates are also understandably crude.

From Figure 2, it is obvious that emigration out of Hong Kong accelerated after 1987, jumping from 30 000 to 45 800 between 1987 and 1988. From 1989 to 1990, the annual figure of emigrants further surged from 42 000 to 62 000, by some 48%. In 1992, emigration peaked at 66 000. The increase in emigration after 1987 was undoubtedly related to the anxiety generated by the 1997 issue and the prospective restoration of Chinese sovereignty over Hong Kong. In particular, the 1989 Tiananmen Incident triggered off the surge in emigration after the turn of the 1990s. After 1989, it appeared that a larger number of people in Hong Kong wanted to obtain a foreign passport as a form of “insurance policy”. Even if they do not intend to stay permanently in their host countries, they feel the need for an “exit door” if the situation in Hong Kong turned to the worst.

The favoured emigration destinations are Canada, the United States and Australia, which accounted together for about 85% of all departures. However, owing to the economic recession in the western economies and a general tightening of immigration policies in these countries, there has been a consistent decline in emigration from Hong Kong. Domestic unemployment has forced countries like Australia and Canada to cut back on its annual intake of immigrants (Skeldon, 1994). Furthermore, as 1997 was drawing near, it appeared that Hong Kong people were accepting the *fait accompli* of returning to Chinese sovereignty and that their confidence about the future of Hong Kong was beginning to rise. For example, the number of departures from Hong Kong to Canada dropped from 1995's 31 663 to 29 954. The number of applicants also declined precipitately from 13 292 in 1995 to 11 298 in 1996 and further to 2 224 during January to August in 1997.¹ In 2000, the estimated number of emigrants reached 11 900, an all-time low since 1987.

In recent years, the return movement of emigrants has become more commonplace, as the pool of “potential” returnees has been much enlarged by the surge in emigration in previous years. As the early emigrants fulfil the residence requirement for citizenship in their host countries, the likelihood of their returning increases. Added to this is the economic recession in Canada, the most popular destination for Hong Kong migrants, and the lack of good employment opportunities for new Asian immigrants in other destination countries. A government estimate states that at least 12% of the total number of persons who emigrated in the ten years before 1994 have returned (Government Information Service, 1995, p. 116). An unofficial study also estimates that the percentage of returnees climbed sharply from 27.9% of all emigrants in 1994 to 60.3% in 1995.² While there were some earlier concerns that these returnees might add to Hong Kong's employment problems, the fact that they are mostly professionals should actually help Hong Kong alleviate its skill shortages.

¹ *Apple Daily*, 17 November, 1997.

² *Apple Daily*, 11 September, 1997.

Immigration

While in the early 1990s, the primary concern over international migration in Hong Kong was with emigration and the brain drain problem, by the mid-1990s, the focus of public discussion shifted to that of immigration, mainly over the inflow of immigrants from China (Skeldon, 1994). Before October, 1980, while immigration control was maintained between the border of China and Hong Kong, a “touch-base” policy was adopted, which allowed illegal immigrants from China to stay if they reached the city. In late 1970s, there a wave of illegal immigrants came from China, so that in 1980, the “touch-base” policy was abolished (Government Information Service, 1981). From that time onwards, only legal immigrants from China were allowed to stay, and an informal agreement was reached between Hong Kong and China allowing only 75 people to come to Hong Kong every day on one-way exit permits. Thus, the new system allows a yearly maximum of 27 000 to 28 000 immigrants from China. When 1997 drew closer, the daily quota was lifted to 105 and then further to 150 in July, 1995. Since the exit permits were mainly issued by the Chinese government to those who had direct relatives in Hong Kong, the increase in the daily intake was deemed as necessary to minimize the shock after 1997 when a large number of Chinese family members of Hong Kong residents would then acquire the legal right to settle in Hong Kong. The number of legal entrants for residence from China therefore rose steadily from 38 218 in 1994 to 61 179 in 1996.

Apart from Chinese immigrants, people of other nationalities can reside in Hong Kong with residence visas. In 2000, a total of 13 708 did so, mostly on the ground of family reunion (Table 5). Despite the increase in the daily quota, the return to Chinese sovereignty has not changed the basic policy on Chinese immigration, that is, it has to be regulated within a limit manageable to the SAR. Border control has actually been implemented with more vigilance since the handover, as the reunification brought about a higher level of cooperation between the SAR government and the local authorities in neighbouring Mainland region.

The return of Hong Kong to Chinese sovereignty did bring some changes in its immigration policies. One change was the end put to the previous practice of allowing British citizens to stay for one year without a visa. Now they are allowed to stay for 6 months and British visitors are subject to “visitors” conditions with effect from 1 April, 1997, meaning restrictions have been placed on their employment in Hong Kong. According to government figures, about 25 500 Britons resided and could take up employment in Hong Kong in 1996. As a journalist reported at the eve of the handover: “Once the Union Jack is hauled down for the last time on the night of June 30, the British in Hong Kong will be just another group of expatriates seeking to make the best of Hong Kong’s famous ability to breed fortunes overnight” (*Elegant*, 1997, p. 52).

Another major change in immigration policy is the definition of permanent residents. According to the Basic Law, Article 24, the definition of permanent residents with right of abode includes:³

1. Chinese citizens born in Hong Kong before or after the establishment of the HKSAR;
2. Chinese citizens who have ordinarily resided in Hong Kong for a continuous period of not less than seven years before or after the establishment of the HKSAR;
3. Persons of Chinese nationality born outside Hong Kong of those residents listed in categories (1) and (2).

³ *The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China*, Chap. 3, Art. 24.

4. Persons not of Chinese nationality who have entered Hong Kong with valid travel documents, have ordinarily resided in Hong Kong for a continuous period of not less than seven years and have taken Hong Kong as their place of permanent residence before or after the establishment of the HKSAR.
5. Persons under 21 years of age born in Hong Kong of those residents listed in category (4) before or after the establishment of the HKSAR; and
6. Persons other than those residents listed in categories (1) to (5), who, before the establishment of the HKSAR, had the right of abode in Hong Kong only.

Hence, under the Basic Law all children who are of Chinese Nationality and who were born of parents who are permanent residents would also be considered as Hong Kong citizens under category (3) above. This is a major change from the previous policy under the colonial government because while children of Hong Kong citizens born in Mainland China were not considered as Hong Kong citizens, they now enjoy the right to permanent residence. This policy change, however, led to a major controversy between the government on the one hand and persons born in the Mainland to Hong Kong permanent residents on the other, and even created a constitutional crisis. I shall review this controversy in details in the last section.

Another category of people allowed to take up residence in Hong Kong are those with an employment visa (Figure 3 and Table 6). British citizens used to be the exception because they were allowed to stay for a 12-month period and could take up employment during their stay. As mentioned, this privilege was repealed at the return to Chinese sovereignty. People of other nationalities, if they are highly skilled or have professional qualifications, can apply for an employment visa with the guarantees of employment from their company or employer. What constitutes “skilled and professional”, however, often has to be judged on a case-by-case basis but the general rule is that the granting of such employment visas is limited to professionals, specialists, administrators and managerial personnel who possesses skills, knowledge or experience that are of value to – and not readily available in – Hong Kong. The number of employment visas approved increased steadily since the late 1980s, probably due to the local shortage in managerial and professional personnel, especially those with good English proficiency. Since 1995, the total number of employment visas approved has been on a decline, largely as a result of the slowing down in local economic activities. Into the new century, however, the government has stepped up with its efforts to draw mainland professionals into Hong Kong (see below).

Apart from the skilled and professional employees, the large group of migrant labourers are the foreign domestic helpers (FDHs). Their entrance is not subject to a quantitative quota; any family with a need for a domestic helper can apply for a permit to hire one from overseas, mainly from the Philippines but also Thailand and Indonesia. Mainland Chinese cannot be hired as domestic helpers this way because of the official fear of the administrative difficulty of monitoring their activities since they are indistinguishable in appearance from the locals. If mainlanders could be employed as FDHs, it would be difficult to prevent abuse, such as Hong Kong residents seeking to bring in their family members from the Mainland on the pretext of employing them as domestic helpers. Furthermore, any change in the FDH policy in the direction of relaxing the restriction against Mainlanders might be misinterpreted as a general relaxation of Hong Kong's immigration control.⁴

The number of FDHs in Hong Kong increased by over 10% in the first few years of the 1990s, only to slow down since 1996 (Table 6). The reduced inflow of FDHs is possibly due to two

⁴ Private correspondence from the Labour Department, 23 January, 1998, p. 3.

reasons. First, there is a saturation effect as many families needing a FDH have already hired one. Second, the slow-down in the economy and the rise in unemployment in 1995 probably had a dampening effect. Surprisingly, the onset of the financial crisis had no significant impact on the coming of FDHs as their number continued to grow over 1998. In 2000, the total rose further to 216 790 or by 11.9% since the year before (Table 6). While the aggregate number of FDHs in Hong Kong has apparently not been adversely affected by the recession, the latter's effect can still be felt in another area, that is, the terminations of FDH contracts by existing employers. According to records of the Immigration Department, the number of applications by FDHs for pre-mature change (*i.e.*, before the normal expiry date of the contract) of employers (for a variety of reasons, but it should be a major cause) rose from 20 913 in 1997 to a high 28 617 in 1998. However, the number dropped in 1999 to 23 388 and to 14 729 in 2000. Between January and November, 2001, a total of 7 504 applications were received.⁵ This suggests that after the initial impact of the Asian Crisis, the employment relationships of FDHs have in fact become more stable over time. Moreover, these numbers are fairly small compared with the total number of FDHs in Hong Kong, indicating Hong Kong employers are not prone to dismiss their FDHs so easily. Nor do FDHs leave their employers easily, as the number of applications for change of employers also dropped between 1999 and 2000. In terms of national origin, according to official records, Filipinas are still the largest group of FDHs in Hong Kong, but the number of Indonesians has been growing fast in the second half of the 1990s. In 1995, they accounted for 10.6% of all FDHs, but by 2000, they were already more than a quarter of the total (Table 7).

The resilience of the number of FDHs amidst the recession perhaps suggests how important they are. The coming of foreign domestic helpers has done a great service to many middle-class families (including the author's family); in fact, many married women would not have been able to stay in the labour market if FDHs did not take up the household chores and child-caring. As the government maintains: "They enjoy the same rights and benefits as local workers do under existing labour legislation. They are entitled to all rights and benefits under the Employment Ordinance such as rest days, statutory holidays, etc. We take a serious view on non-compliance of labour laws."⁶ While obviously there are still rooms for improvement and criticisms from migrant worker groups can be heard from time to time, one must give credit to the Hong Kong government for its vigilance on the basic rights of FDHs.⁷ Apart from enforcing the regulations, the Labour Department also organizes various promotional activities to enhance the FDH's awareness of their employment rights and benefits. A guidebook on the regulations over the employment of FDHs and their rights has been published in five languages (English, Chinese, Tagalog, Thai and Indonesian) and widely distributed to employers and FDHs free of charge.

Of course, the best regulation could not entirely eliminate abuses, and reports of verbal abuse, overwork, helpers not receiving sufficient food and even cases of physical assault can be seen from time to time in the local press.⁸ The Labour Department handled 2 461 cases of claims lodged by FDHs. These cases account for only 1% of the total number of 213 100 FDHs in Hong Kong, suggesting that the large majority of the employment relationships are amicable. These cases, however, accounted for some 7.9% of the total number of claims handled by the Department (FDHs in turn account for about 6% of the total labour force in 2001), which indicates the Department's central

⁵ Unpublished information supplied by the Immigration Department.

⁶ Government Information Service press release, "Foreign domestic helpers urged to report deprivations", March 12, 2001. <http://www/info.gov.hk/gia/general/200103/12/0312212.htm>.

⁷ For a critical view, please see Asian Migrant Centre, 1999, *Asian Migrant Yearbook*.

⁸ *South China Morning Post*, 14 October, 1997.

role in regulating and mediating disputes between FDHs and their employers. Most of these cases are resolved through the conciliation of the Labour Department, while others are transferred to the Labour Tribunal and the Minor Employment Claims Adjudication Board for adjudication.

Other areas of concern regarding FDHs are the overcharging of commissions by employment agencies and the underpayment of salaries. Under the Employment Ordinance and Employment Agency Regulations, the operator of an employment agency is not allowed to charge a job-seeker a commission of more than 10% of her first month's salary or any other fees, such as processing or registration fees. The maximum penalty for violation is \$ 50 000 for each offence. In 2000 and 2001, the operators of two employment agencies were convicted for overcharging FDHs and were fined \$ 30 000 each. In the same period, the Labour Department has revoked the licenses of two employment agencies for overcharging and aiding and abetting the breach of condition of stay of FDHs respectively.⁹ Despite this regulation and vigorous enforcement, it is difficult for the authorities to control overcharging if it happens outside of Hong Kong. Hence, they may not be able to come to the FDH's assistance if their agency at home overcharges them.

Besides, there are also occasional press reports about underpayment of FDH salaries. It is reported in newspapers that Indonesians are particularly vulnerable to such abuses. Agencies and employers sometimes conspired to enter into false contracts with the FDH by paying them less than the contracted salaries, sometimes as little as half of the contracted salaries. The government, on its part, made public its concern over such cases and issued statements urging underpaid FDH to report their cases. It also maintained that if a FDH was dismissed as a result of reporting the above offences and the case was verified to be true after investigation, the Immigration Department would exercise discretion and consider the FDH application for change of employment in Hong Kong.¹⁰

The magnitude of the inflow of foreign labour can also be gauged by a "stock" measure, namely, the number of foreign (excluding Chinese) nationals in Hong Kong as reported by the 1991 Census, the 1996 By-Census and the 2001 Census (Table 9). Not all of them are migrant workers, because some could be dependant of expatriates working here. Still, their number rose sharply from 282 707 to 369 627 from 1991 to 2001. The share of foreign nationals in the total population was 5.1% and 5.5% in 1991 and 2001 respectively. In 2001, the Filipinos were by far the largest group, accounting for 38.9% of the total, and their number more than doubled from 64 658 in 1991 to 143 662 in 2001. The population of British nationals (with right of abode outside Hong Kong) dropped drastically from 68 502 in 1991 to 25 418 in 2001. The stability of the share of "foreigners" in the total population is therefore largely a result of the drop in the coming of Britons to Hong Kong after the return to Chinese sovereignty.

The migration of highly skilled workers

As mentioned earlier, highly skilled workers are allowed to apply for an employment visa and take up residence in Hong Kong (Figure 3 and Table 6). While the inflow from other countries through this channel is declining (see the above section), the business community has been demanding for a relaxation of entrance of Mainland Chinese professional and highly-skilled employees. It is argued that Hong Kong has a severe shortage of highly-skilled staff to sustain research and development efforts as well as the surge of Mainland operations of local companies.

⁹ I am grateful to the Labour Department for supplying this information.

¹⁰ Government Information Service press release, 28 February, 2000.

Furthermore, the scheme will also serve to resolve the previous anomaly that although Hong Kong has always extended an open hand to overseas professionals, the restriction on highly-qualified Mainland Chinese had always been much stricter. After the conclusion of an earlier pilot scheme in December, 1999, the government finally implemented an Admission of Talents Scheme to attract Mainland Chinese talents into Hong Kong. While primarily aimed at Mainland residents, it is also open to Mainland residents currently living overseas, former Mainland residents who have settled in Macao, nationals of Bulgaria, Romania and Mongolia, and other persons who may be admitted for employment under the existing policy. Successful candidates will usually be granted employment entry permits/visas with an initial stay of 12 months upon entry. The candidates may apply for an extension their limit expires. The extension of stay will be approved only if the candidates continue to fully meet the eligibility criteria.¹¹

“The applicants under the Admission of Talents Scheme must possess outstanding qualifications, expertise or skills which are needed but not readily available in Hong Kong. They must have good academic qualifications, normally a doctorate degree in the relevant field. They may also supply supporting documents, such as their publications, research studies or relevant documents on experience, to demonstrate that their outstanding abilities or achievements are not readily available in Hong Kong.”¹² A Selection Committee composed of the Secretary for Security (the Chair) and 14 non-official members was formed to screen all applications. The membership of the Committee comes from a wide range of backgrounds: trade unionists, academics, researchers and businessmen.¹³

In 2000, 369 visas were granted under the scheme and between January and August, 2001, 169 applications were approved.¹⁴ The applications have been vigorously vetted. For example, by 7 October, 2000, 349 entry applications were received under the Scheme and only 74 were approved.¹⁵ Some 166 were turned down, 53 were withdrawn, and the remaining 56 cases were still being processed by that time. On their part, the government denied that the low approval rate is due to its stringency in handling applications under the Scheme but instead reflected the great care it has exercised in processing the applications. Some applications, for example, had been turned down because the level of salaries offered to the appointee is “unreasonable” and in many cases lower than the level in the local market. Some applicants did not have the relevant training or work experience or failed to show they could enhance Hong Kong's competitiveness. Besides, competition for the best talent is also intense throughout the region.¹⁶ The government maintained that its purpose is to attract the best talent, not to import cheap labour through the back door. It argued that more time is necessary

¹¹ Government Information Service press release, 16 December, 1999, “Government announces details of Admission of Talents Scheme”, <http://www.info.gov.hk/gia>.

¹² Answer to a question from the Hon Yeung Yiu-chung by the Secretary for Education and Manpower, Mr. Joseph W.P. Wong, in the Legislative Council. 17 November, 1999. <http://www.info.gov.hk/gia/general/199911/17/1117147.htm>

¹³ Government Information Service press release, 9 December, 1999, “14 appointed to Selection Committee on Admission of Talents Scheme”, <http://www.info.gov.hk/gia/general/199912/09/1209091.htm>.

¹⁴ Immigration Department, December, 2001, http://www.info.gov.immd/admission/eng_index.htm.

¹⁵ Immigration Department, 28 March, 2000, “Report on The Admission of Talents Scheme”, paper presented at the Manpower Panel meeting of the Legislative Council.

¹⁶ *South China Morning Post*, October 7, 2000, “Mainland job-seekers turned back despite shortage of skilled workers”.

for the Scheme's effects to be seen because companies need some time to take advantage of the Scheme and look for the right talent.¹⁷

In May, 2001, the Immigration Department announced a second scheme to let in highly skilled mainland human resources, namely, the Admission of Mainland Professionals Scheme.¹⁸ According to the government spokesperson, "the Scheme aims to attract Mainland professionals to come to work in Hong Kong in order to meet local manpower needs and to enhance the competitiveness of local companies in the globalised market with a view to facilitating the economic development of Hong Kong". The Scheme is open to all Mainland residents, including those currently working or studying overseas and in Hong Kong. The candidate must be a qualified professional with skills or knowledge not readily available or in shortage locally. Initially, only those engaged in the IT and financial services sectors are eligible to apply. They must be offered a job by a Hong Kong registered company with a remuneration broadly comparable to the local market rate. There is no ceiling or quota set on the Scheme.

The Immigration Department will issue an employment entry permit to the employer for onward transmission to the successful candidate. The candidate needs to obtain an Exit-entry Permit for Travelling to Hong Kong and Macao (EEP) with an exit endorsement from the relevant Public Security Bureau office in the Mainland and affix the entry permit issued by the Immigration Department onto the EEP. For a successful candidate who is currently working or studying in Hong Kong, he/she is required to return to the Mainland to obtain a proper EEP and the relevant exit endorsement before taking up employment under the Scheme.

Successful candidates will normally be granted an initial stay of 12 months upon entry. Extension of stay will be approved if the candidate continues to meet the eligibility criteria. Application for change of employment will not normally be considered in the first year of admission. This restriction will be lifted one year after admission provided that the candidate continues to fulfil the eligibility criteria and is employed in a job relevant to his/her qualifications and expertise.

As most other schemes to bring overseas talents into Hong Kong, the scheme draws both appreciation and criticisms. On the one side are trade unionists who questioned the need for bringing in overseas talents. On the other are businessmen and economists who regarded the Scheme as the right move to help Hong Kong stay competitive internationally.¹⁹ The government, on its part, pledged to guard against abuse of the Scheme. The Financial Secretary remarked that a similar scheme introduced in 1994 failed to take off due to "excessive restrictions". Clearly this time the SAR government will have to balance against the prevention of abuses and the imposition of excessive restrictions on the Scheme.²⁰ Judging from initial results, the Scheme has been reasonably well received; during the first three months (June to August) of its operation, 130 employment entry permits have already been processed through this channel.²¹

¹⁷ *South China Morning Post*, May 27, 2000, "Slow build-up to 'brain-gain'".

¹⁸ The following description of the Scheme is based on the Immigration Department's press release on the Scheme. <http://www.info.gov.hk/english/notice/press/20010518e.htm>.

¹⁹ *South China Morning Post*, 2001, "Academic supports move to import mainland talent", April 9.

²⁰ *South China Morning Post*, 2001, "Pledge on Professionals' Scheme", April 9.

²¹ Immigration Department, 2001, http://www.info.gov.hk/immd/admission_pro/eng_index.htm.

Importation of non-professional workers

Hong Kong has always welcomed the immigration of highly skilled and professional personnel from abroad in order to satisfy the almost insatiable demand for high-level employees under high economic growth. The coming of foreign domestic helpers is also not controversial because of the manifested difficulty in the 1970s and 1980s to hire local domestic helpers due to a tight labour market and the manifested reluctance of locals to enter this occupation. Nevertheless, another aspect of labour migration into Hong Kong, namely the importation of non-professional workers as craftsmen, operatives and technicians, has stirred up a highly divisive political debate between labour and capital, with the government caught in the middle trying to balance conflicting demands.²² In the end, a limited number of “imported” workers have been inducted under the various schemes of labour importation since the 1980s.²³

In the late 1980s, business organizations began to complain about the problem of labour shortage and put pressure on the government for possible solutions. Initially, the government resisted calls for labour importation. Due to the general shortage of skilled labour in the local market, a special scheme allowing employers to recruit a total of 14 700 skilled workers from outside Hong Kong was introduced in May, 1989 (Commissioner for Labour, 1991, p. 8). Subsequently, in 1992, the government expanded the labour importation scheme to allow the import of a maximum of 25 000 skilled and semi-skilled workers at any point of time for a maximum duration of two years but without specification or allocation of quotas to any particular industry.²⁴

Despite their ideological differences, the major trade union federations in Hong Kong shared in common their opposition to labour importation and called for the schemes to be scrapped. Due to the weak mobilisational power of the local trade unions, however, they could not wage a sustained and militant protest to block the scheme. Small demonstrations were staged and they called for a general strike, but these threats were not enough to overhaul the government’s decision. What organized labour had succeeded in achieving was basically to sensitise the government to the potential explosiveness of policy changes that do not take into account the interests of labour. The allocation of the import quotas was based on the vacancy and unemployment rates reported in the industry. In 1994, the largest number of imported workers went to retailing, restaurants, and import/export trades. The decision to construct the new airport in Chek Lap Kok then led to another scheme of bringing in up to 5 500 construction workers. Lastly, by the end of 1994, another new pilot scheme of bringing in employees was implemented, this time to import 1 000 skilled and professional personnel from China.

^{22.} This discussion of importation of foreign worker is based on Chiu and Levin (1993).

^{23.} I am grateful to the Labour Department for pointing out the difference between “foreign worker” and “imported worker” as the majority of the workers imported under the various schemes are from the Mainland. In this paper I called the workers coming from outside of Hong Kong (whether from the Mainland or elsewhere) “imported” or “guest” workers rather than “foreign” workers to highlight this fact. Private correspondence from Labour Department, 23 January, 1998, p. 2, and also 19 January, 2000.

^{24.} The relaxation of restraints on importation of labour was the government’s short-run strategy for coping with a labour shortage and loss of talents due to emigration. Its medium-term strategy was to encourage the return to Hong Kong of former migrants. One form this has taken is a joint venture between the government, the Hong Kong Institute of Personnel Management and the Hong Kong Bank to develop an advanced communication network to assist local employers in recruiting suitable staff from abroad (Chan, 1991). After the Tiananmen Incident in June, 1989, an additional strategy aimed at encouraging key workers to remain in Hong Kong was to offer them access to foreign passports, most notably the British nationality scheme for granting 50 000 British passports to key persons and their families.

The official reason given for this final scheme is the need to have people familiar with the situations in China in order to facilitate the growing economic integration between China and Hong Kong.

The government insisted that the labour importation schemes are by no means a measure to increase the labour supply with a view to suppress wage increase in Hong Kong. To minimize the impact on local wage levels and to protect imported workers, the government has stipulated that these guest workers have to be paid at a level not lower than the median wages for comparable jobs in the sector done by locals.

In 1995, an economic downturn and rise in unemployment then fuelled public resentment over the presence of legal and illegal imported workers. After the last Legislative Council election under British rule in 1995, trade unionists and other “grassroots” representatives occupied a majority of the seats in the legislature. Legislators, trade unionists in particular, therefore moved to curb the importation of workers by threatening to introduce a bill of their own (normally new legislations are introduced by the government). “After a review of the general scheme in 1995, it was decided that the scheme should end and be allowed to run down naturally having regard to the labour market situation” (Commissioner for Labour, 1997, p. 37). Instead, a Supplementary Labour Scheme was established to allow the entry of imported workers to take up jobs which cannot be filled locally. Yet the quota on construction workers for the new airport remains intact (Levin and Chiu, 1997).

The Labour Advisory Board was given a pivotal role in monitoring the new SLS. Although the Secretary for Education and Manpower makes the final decision over applications, the LAB's opinions will usually be considered. The government reviewed the scheme when 2 000 work visas had been issued under the SLS and the revamped SLS took effect on 2 March, 1998; it is subject to annual review. In principle, applications will be approved only when the employer can satisfactorily demonstrate vacancies could not be filled by local workers (Levin and Chiu, 1997). Any employer applying for imported worker permissions will have to participate in the Labour Department's Job Matching Programme (JMP) for six weeks (or four weeks since February, 2001). Only if the employer still fails to find an appropriate worker will his application be approved.

Furthermore, in 1992, partly to pacify the unions over the imported labour issue, the government announced the retraining of workers displaced from the manufacturing sector. It established an Employees Retraining Board (ERB) to provide training to unemployed workers, especially those who are adversely affected by the industrial restructuring. It offered career counselling, job placement service, and retraining programs, which sought to teach workers job search skills, general skills like computer application and languages, and a wide range of job-specific skills such as clerical work, estate management, hotel room services, Chinese computer input, and retail sales. It was financed by a set-up grant of HK\$ 300 million from the government and a levy on employers of imported workers under importation of labour schemes at the rate of HK\$ 400 per person a month. This would yield theoretically about HK\$ 240 million from all 25 000 imported workers (assuming all contracts last for 2 years) but the actual levy income is actually dwindling in view of the winding down of the GS and SLIS and the small number of imported workers admitted under SLS. Therefore, the government made another capital injection of HK\$ 300 million in June, 1996 and a further grant of HK\$ 500 million in March, 1997. Recently, the government granted an additional HK\$ 500 million to ERB in the financial year of 1999-2000.²⁵

The issue of importing guest workers keeps coming back to the public agenda, however. In late 1998, some textile and garment-making manufacturers asked for the expanded importation of

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Private correspondence from Labour Department, 17 January, 2000, p. 2.

workers into these industries.²⁶ Their reason was that the rule of origin provision of the international textile quota system imposes that production should be physically done locally in Hong Kong. Rather than letting the industries vanish, they demanded the government to allow the coming of about 10 000 workers from outside of Hong Kong into the industries so as to allow them to continue production and comply with the quota rules. They also argued that the plan to import workers is part of a larger plan to revitalize the textile and garment industries in Hong Kong.

The government reacted cautiously to the demand, maintaining that its labour importation policy is anchored in the twin cardinal principles of ensuring the employment priority of local workers and allowing employers with genuine difficulty in local recruitment to import labour (under the Supplementary Labour Scheme) to fill the available vacancies.²⁷ Furthermore, according to local newspapers, the government is concerned that the large scale importation of workers would only allow the local textile and garment industries to maintain their current low-tech and labour-intensive production methods rather than move up the technology and value-added ladder. There is also no guarantee that manufacturers will not ever use again the method of illegal transshipment to export mainland-made garments overseas.²⁸ By August, 1999, however, there were signs that in view of the strong opposition from labour groups and the lukewarm attitude of the government, the textile industry might just allow the proposal to gradually fade away (*Ming Pao*, 16 August, 1999). It has not been brought up again since then.

The phrase “illegal workers” refers here to those who come to Hong Kong on two-way exit permits (from Mainland China) or visitor visas and take up employment in breach of the conditions of stay under Section 41 of the Immigration Ordinance. “Visitors” include those who entered with visit visas or visa-free but does not include imported workers and foreign domestic helpers. The number of illegal workers from outside of Hong Kong (the Mainland and elsewhere) is a big unknown. In 1999-2000, the number of illegal immigrants apprehended and repatriated was 11 076, dropping from 14 892 in 1998-99. That year, the total number of illegal workers arrested was 5 593 and in 1999-2000, the total dropped to 4 397.²⁹ This suggests that the number of people illegally staying and working in Hong Kong can be substantial. The police have routinely rounded up tens of illegal workers hired as operatives in factories and for odd jobs in restaurants or construction sites, especially those in the New Territories. In 1999 and 2000, the Immigration Department's Immigration Task Force carried out special operations at construction sites, factories, restaurants, commercial offices and residential premises to combat illegal employment and overstayers. In 1995, enforcement operations, including 63 large-scale joint operations with the Police Force, were carried out, resulting in the arrest of 1 530 immigration offenders.³⁰

Under section 17I of the Immigration Ordinance, it is an offence to employ a person who is not lawfully employable. In 1999 and 2000, the number of prosecutions of employers of illegal workers (two-way permit holders, FDHs, imported workers, illegal immigrants and other visitors

²⁶ *Ming Pao*, November 30, 1998; *Apple Daily*, December 2, 1998.

²⁷ Private correspondence from the Labour Department, 17 January, 2000, p. 2.

²⁸ *Ming Pao*, 1-16 December, 1998.

²⁹ The figures include visitors, two-way permit holders, FDHs, imported workers and illegal immigrants who have engaged in illegal employment. Immigration Department, *Annual Departmental Report 2000*. http://www.info.gov.hk/immd/a_report/right4.html.

³⁰ The figures include visitors, two-way permit holders, FDHs, imported workers and illegal immigrants who have engaged in illegal employment. Immigration Department, *Annual Departmental Report 2000*. http://www.info.gov.hk/immd/a_report/right4.html.

working illegally) was 391.³¹ In order to combat unlawful employment on construction sites, the government amended the legislation in February, 1999 to hold controllers of construction sites responsible when persons not lawfully employable are found taking up. A construction site controller found guilty of the offence is liable to a fine of HK\$ 350 000.³² In 2000 and 2001, it appeared that the problem of illegal work has intensified, as in the first nine months of 2001 alone, 5 693 illegal workers and 739 employers of illegal workers were arrested, already exceeding the respective figures in 2000.³³

However, the government has encountered difficulties in gathering sufficient evidence to prosecute employers of illegal workers. One reason is that there are often no employment contracts. Another reason is that many illegal workers are unwilling to testify against their employers. Especially problematic is the prosecution of employers on construction sites, due to the sub-contracting system of the industry that makes it sometimes difficult to identify the employer. Section 38A of the Immigration Ordinance was introduced in 1990 to hold construction site controllers liable for illegal immigrants found on their sites but this did not cover other kinds of illegal workers such as two-way permit holders and visitors taking up illegal employment on construction sites (*Daily Information Bulletin – DIB*, 29 July, 1998).³⁴

In February, 1999, the government introduced amendments to the Immigration Ordinance with a view to tackling more effectively the problem, especially of employment of Two-way Permits (TWP) holders on construction sites. The number of TWP holders arrested on the sites had increased from 42 in 1991 to 651 in 1997 and 975 TWP holders were arrested in the first eight months of 1998. Almost half of all TWP holders arrested for illegal employment (excluding prostitutes) during the first eight months of 1998 were arrested on construction sites, compared with 29.4% in 1996. Under the Bill, if a person who is not lawfully employable has breached a condition of stay by taking up employment on a construction site, the construction site controller commits an offence and is liable to a fine of HK\$ 350 000.³⁵

The problem of illegal employment has also arisen in connection with foreign domestic helpers. Some employers have illegally deployed their FDHs to take up non-domestic duties, which presumably takes away work opportunities that might otherwise be available to locals.³⁶ In other cases, FDHs illegally take up additional employment. Employers convicted of employing FDHs for illegal

³¹ The figures include visitors, two-way permit holders, FDHs, imported workers and illegal immigrants who have engaged in illegal employment. Immigration Department, *Annual Departmental Report 2000*. http://www.info.gov.hk/immd/a_report/right4.html.

³² *Annual Report*, Immigration Department. (http://www.info.gov.hk/immd/a_report/1-5.5eng.html)

³³ Hong Kong Information Services Department, *Hong Kong Background Information*. <http://www.info.gov.hk/hkbi/enghkbi/16/16-5a-htm>.

³⁴ A construction site controller means a principal or main contractor and includes a sub-contractor, owner, occupier or other person who has control over or is in charge of a construction site.

³⁵ However, it is a defence in proceedings for the controller charged to prove that he took 'all practicable steps' to prevent persons who are not lawfully employable from taking employment on the site. Also, a construction site controller would not be liable simply because a person not lawfully employable (other than an illegal immigrant), such as a TWP holder, is found on his site but would be liable only if the person in question takes up employment on the site (*DIB*, 22 October, 1998).

³⁶ For example, legislators were informed by the Deputy Secretary for Education and Manpower in October, 1998 that foreigners hired as domestic helpers are to be prevented from being employed as chauffeurs. This followed calls by unionists for a crackdown, amid evidence that a growing proportion of private drivers in Hong Kong were foreign helpers. These foreign domestic helpers then received HK\$ 3 860 a month while drivers could earn at least \$8 000 (HK\$ 23/10/98).

employment numbered 176 in 1995, 122 in 1996, 97 in 1997 and 88 in November, 1998. A number of measures have been taken over the last four years to prevent abuses relating to the employment of FDHs, including (1) with effect from 13 December 1995, identity cards prefixed with "W" issued to FDHs applying for a new or replacement identity card to enable law enforcement agencies to identify readily FDHs' immigration status; (2) to facilitate the prosecution of employers of contract workers, the Immigration Ordinance was amended, with effect from 25 October, 1996, to require employers to inspect the identity cards and travel documents of job-seekers to ensure that they are lawfully employable; (3) operations have been conducted against FDHs taking up or employers offering part-time work and other unauthorised work; (3) proactive measures have been taken against doubtful employment agencies; (4) guidelines have been provided for officers to look out for suspicious employers; (5) publicity has been stepped up to educate the public that employing illegal workers is a criminal offence; (6) members of the public have been encouraged to report illegal employment through the Immigration Department Hotline or Fax line; and (7) the level of penalties imposed on illegal workers and employers is closely monitored. Cases where the sentence is manifestly inadequate can be further reviewed by the Court (*DIB*, 16 December, 1998).

Recent issues in international migration

Two issues figured prominently in this year's public agenda on international migration of workers. The first one is the on-going political and legal struggles over the right of abode issue. The second one is the current discussion surrounding the policy over FDHs.

Under the Basic Law, Hong Kong permanent residents have the right of abode in Hong Kong, including the right to land in Hong Kong, the right to be freed from any condition of stay in Hong Kong, and the right not to be deported and removed from Hong Kong.³⁷ Children of Hong Kong permanent residents born elsewhere theoretically also have the right of abode, but for those who were born in the Mainland, complications arose after the reunification. After July, 1997, the Immigration Department faced an influx of illegal immigrants and a large number of applications from persons born in the Mainland to Hong Kong permanent residents to exercise their right of abode immediately. The government therefore moved to amend the Immigration Ordinance by introducing the Certificate of Entitlement Scheme, whereby persons claiming the right of abode in Hong Kong would need to have their claims verified by the relevant authorities and issued with Certificates of Entitlement before they could exercise their right of abode in Hong Kong. This requires the applicants in the Mainland to apply through the relevant Chinese authorities. Some parents of children smuggled into Hong Kong therefore applied for the judicial review of the government's denial of their children's residence status., their ground being that since their children enjoyed the status of permanent residents under the Basic Law, they should be allowed to stay now that they are physically in Hong Kong even though they were born in China.

In October 1997, the High Court ruled that the government was not violating the Basic Law, because while stipulating who should be considered permanent residents in Hong Kong, the Law did not lay down clearly the procedure of affirming such status and rights. Hence, it is legal for the government to legislate on the concrete procedures regarding the implementation of the provisions in the Basic Law regarding permanent residence.³⁸ Parents and organizations supporting them have

³⁷ This section is based on various news reports and the Immigration Department's account. http://www.info.gov.hk/immmd/a_report/right.htm.

³⁸ *Express Daily News*, 10 October, 1997.

vowed to challenge this decision, but at the same time other disputes around the Basic Law's definition of Hong Kong residents are arising.

However, in late January, 1999, the Court of Final Appeal (CFA) ruled unanimously that the immigration law amendment could not be made retrospective, allowing many mainland children who arrived before July 10, 1997 to stay. It also awarded right of abode to children who were born before a parent became a permanent resident and to illegitimate offspring. A key problem for the administration that followed from the CFA's ruling in late January was to find out how many migrants would be eligible to come to Hong Kong. Specifically, it needed to find out (1) how many children were born outside marriage on the mainland to a parent who is a Hong Kong permanent resident and (2) how many people had grandchildren or great-grandchildren there, inside or outside of wedlock (since if a grandmother became a permanent resident today, her children could all come to Hong Kong and in seven years' time these children would qualify for permanent residence and their children in turn, hence creating seven-year waves of migration). A three-month survey of 20 000 Hong Kong households (with about 40 000 adults) was initiated (*SCMP*, 6 May, 1999).

With only half the survey completed, the Secretary for Security has released figures stating that an estimated 692 000 mainlanders would have the immediate right to live in Hong Kong (the so-called "first generation", including 172 000 born within marriage and 520 000 outside marriage) and 983 000 (the so-called "second generation" of those eligible after their parents meet the seven-year permanent residency requirement; of these an estimated 645 000 are children of those born outside marriage). This came to a total of 1.67 million or about one-quarter of Hong Kong's current population (*SCMP*, 29 April, 1999).

The government estimated the cost of accepting the 1.67 million mainlanders eligible for right of abode would come to HK\$ 710 billion over the next ten years, taking into account the costs of providing housing, education, health care, welfare and employment training. Government economists estimated that the first generation of arrivals would push the unemployment rate up to 12-13% in 2002 and, with the arrival of the second generation, to 24-25% in 2009. Although some pointed out there were serious flaws in the survey on which these estimates were based (and also claimed that the consequences were being exaggerated to manipulate public opinion), the administration took the view that they were accurate enough to conclude that accepting mainlanders eligible for right of abode under the CFA ruling would have, in the Chief Executive's phrase, "unimaginable consequences" for Hong Kong's standards of living and quality of life.

Hence, after considering four possible options³⁹, the Chief Executive announced on May 18th that he had decided to seek the Central Authorities' assistance in requesting the Standing Committee of the National People's Congress (NPCSC) through the State Council to reinterpret the relevant articles on right of abode [Articles 22(4) and 24(2)(3)] of the Basic Law (*DIB*, 18/5/99). The upshot is that if the NPCSC reinterprets the relevant articles of the Basic Law in a manner desired by the administration, it would prevent children born before their parents became permanent residents of Hong Kong from claiming SAR right of abode. It would reduce the number eligible for right of abode to an estimated maximum of 200 000. It would also allow the administration to re-impose measures that would enable it to control the pace of migration of those eligible for right of abode. Some

³⁹. The four options were: (1) allow all the persons who are eligible for right of abode by virtue of the CFA judgment to be allowed to come to Hong Kong for settlement; (2) seek a new ruling to be delivered by CFA through new cases; (3) request the NPC to amend the Basic Law; and (4) request the NPCSC to interpret the relevant provisions of the Basic Law.

members of the community view this as a pragmatic step to maintain Hong Kong's stability and prosperity. Others, however, see it as the beginning of the end of the rule of law.⁴⁰

In December, 1999, the CFA upheld the reinterpretation of abode laws by the NPC and stated that the courts in the HKSAR are constitutionally under a duty to follow. The same month, a first batch of right-of-abode seekers were sent back to the mainland. In July, 2000, another court decision went in favour of the government over the issue of who among the right-of-abode seekers should be covered by the NPC reinterpretation. In December, 2000, the CFA ruled again in favour of the government. While a lingering legal battle still continues, the NPC reinterpretation and subsequent court judgements basically established the legality of the government's restrictive view of the right of abode and its system of regulating the inflow of right of abode seekers.

With the legal struggles going against them, frustrated right of abode seekers turned to protests and demonstrations to voice their discontent and to put pressure on the government. Between July and August, 2000, these protests turned violent as protesters clashed with police and immigration officers. Finally in August 3, right of abode seekers set off a fire inside the Immigration Department. The attack came after a four-hour standoff following repeated attempts by the abode seekers to demand Hong Kong ID cards from immigration officials. Twenty-three immigration officers and 27 protesters were taken to hospital. Both an immigration officer and an abode-seeker died a few days later. The issue has turned out to be highly divisive in the society, with vocal opinions for and against the right of abode seekers. It has also spilled over to other areas, including a debate over the government's regulations over public assemblies.

In July, 2001, the legal battles ended when a three-year-old boy born in Hong Kong to mainland parents won a landmark battle against the government when the CFA granted him the right of abode. He was born while his parents were in the SAR on two-way permits, and according to the judges was entitled to stay under Article 24(2)(1) of the Basic Law. However, in another key ruling delivered on the same day, the court denied the right of abode to mainland children adopted by Hong Kong couples. According to a government spokesperson, the first decision means 2 202 children born in the SAR to mainland mothers after 1997 were entitled to the right of abode and might lead to more pregnant women coming to Hong Kong to deliver babies.⁴¹ In January, 2002, the CFA again ruled on the remaining issues of the right of abode dispute affecting some 5 000 persons. The legal implications of the verdict are still unfolding, but most commentators regard it as likely to put an end to the long-drawn legal battle.⁴²

Meanwhile, new issues arose in 2001. In the Fall, the government banned 170 children seeking right of abode and waiting for the outcome of the protracted court proceedings from attending school. A spokesman for the Security Bureau said the legal basis for the ban was Immigration Regulation No. 2, laying down conditions for people who are given permission "to land in Hong Kong as a visitor". One of the restrictions is that people in this position "shall not become a student at a school, university or other educational institution". The ban is enforced through an Education Department circular that tells schools they cannot grant places to such children without permission from both the Director of Education and Director of Immigration.⁴³ This move has drawn criticisms

⁴⁰ For a summary of the different responses, see Frank Ching 1999, "Reality Check", *Far Eastern Economic Review*, June 3, pp. 10-16.

⁴¹ *South China Morning Post*, 21 July, 2001, "Boy wins landmark abode battle".

⁴² Government Information Services press release. January 10, 2001, "Government respects CFA judgment", <http://www.info.gov.hk/gia/general/200201/10/0110287.htm>

⁴³ *South China Morning Post*, 14 December, 2001, "Schooling ban denies basic right".

from the Bar Association and the Catholic Church. The latter has encouraged church-operated schools to admit these children if there are vacancies. At last in December, Security Bureau officials announced they would reconsider the outright ban on mainland right-of-abode seeking children going to school, saying cases would be examined on an individual basis. The Security Bureau spokesman stressed that allowing the children to attend school did not imply that they had been allowed to remain in Hong Kong. The government source said the review would consider factors such as how long the children were likely to be in Hong Kong awaiting the results of their abode applications and the possibility of repatriation.⁴⁴ While the government has denied the “review” represents a U-turn on the policy, one newspaper editorial applauded the decision: “Simply put, the decision shows that the government can take a moral standpoint and set aside the strict application of rules in accordance with the wishes of the public.”⁴⁵

As discussed earlier, the economic downturn has apparently not dampened the inflow of FDHs into Hong Kong, as the number of FDHs continued to increase over 1998. Large-scale repatriation of guest workers seen in other countries has not even been contemplated in Hong Kong. This does not, however, prevent debates to emerge over FDHs, the largest group of imported workers. The first issue arising out of the background of a recession is the review over FDH salaries. Ever since the Asian Crisis, there has been constant demands by employer groups to reduce FDH's minimum allowable wage. In February, 1999, the government after its annual review announced that the minimum allowable wage for employment contracts of FDHs in Hong Kong would be set at HK\$ 3 670 a month, a 5% reduction from the previous HK\$ 3 860.⁴⁶ One of the reasons mentioned was the economic recession and the economic difficulties that FDH employers were facing. The government stated that in 1998 *per capita* GDP dropped by about 7% and the median household income fell by 5.2% in the third quarter of 1998. Nominal wage index of local service workers was also stagnant over the same period of time. The official announcement also came with a warning against employers paying less than the minimum wage and reminded them that they “are free to pay their FDHs a salary in excess of the minimum allowable wage in recognition of their loyalty, long service and experience.”

Since that adjustment, the government has kept the minimum allowable wage unchanged for two years. The last review was conducted at the end of 2000 and the government decided to keep it at HK\$ 3 670. In November, 2001, the government announced the beginning of its annual review of FDH salary to “ensure its continuing comparability with wages of local workers with similar job duties.”⁴⁷ An employer group has proposed that the minimum pay be cut by about 15% or HK\$ 500.⁴⁸ As always, the local community is divided over the issue. While employer groups demanded it, local labour organizations have been apprehensive. A local union representative expressed “worry that if the minimum wage of FDHs is lowered, it will affect the pay of local domestic helpers.”⁴⁹ The result of the review was to be made public in early 2002.

⁴⁴ *South China Morning Post*, 18 December, 2001, “U-turn on abode schooling”.

⁴⁵ *South China Morning Post*, 19 December, 2001, “Editorial: Moral right prevails”.

⁴⁶ Government *Daily Information Bulletin*, 2 February, 1999, “Minimum allowable wage for foreign domestic helpers”. <http://www.info.gov.hk/gia>.

⁴⁷ Government Information Service press release, November 24, 2001, “Annual review on foreign domestic helpers' wage being conducted”, <http://www.info.gov.hk/gia/general/200111/24/1124137.htm>.

⁴⁸ *South China Morning Post*, 11 December, 2001, “Pay talks fail to appease maids”.

⁴⁹ *South China Morning Post*, 25 November, 2001, “United they gather”.

Meanwhile, several other proposals regarding the FDH policy have also been aired lately. The second issue is the move to encourage the hiring of local domestic helpers to replace FDHs in an attempt to help relieve unemployment. The government hopes that local women, most of them part-timers, could be retrained through the Employee Retraining Board to be domestic helpers. The government is providing more placement services for prospective job-seekers and has even contemplated the offering of travel allowance for part-time local domestic helpers who lived in the countryside to travel to the Hong Kong Island, where most of the demands for domestic helpers are. Nevertheless, the initial results of such efforts suggest that the demand for local part-timers is not as high as expected because local employers are unwilling to pay a higher wage of local part-timers (some offering as low as HK\$ 20 an hour) and locals are unwilling to work after hours.⁵⁰

In connection to this is the demand from some local interest groups to cap the number of FDHs. Some of them have maintained that the presence of a large number of FDHs has a negative effect on local unemployment and wage levels and have demanded a restriction on their incoming. One such proposal set the cap of their numbers to 100 000, less than half of the current total. Another proposal is to impose a levy on employers of FDHs. Right now, Hong Kong does not have a levy on the employment of FDHs which means that their minimum allowable salary could stay high relative to other countries in the region. Any such measure would effectively entail a corresponding cut in the salary. The government is not overly enthusiastic with these proposals. This is understandable because any major change in the FDH policy in this direction is going to have a divisive effect on the local community, hurt the interests of migrant workers and draw complaints from the sending countries.

Policy-making process on immigrants and imported workers

In Hong Kong, the structure of the government can be divided into the Executive, Legislative, and Judiciary branches (see Figure 3). The Executive branch is headed by the Chief Executive, who is also the head of the Hong Kong Special Administrative Region. The Executive Council assists the Chief Executive with policy making, and the administration is organised into the government Secretariat and departments. The government Secretariat bureaux formulate policies and initiate legislative proposals. Departments implement laws and policies and provide direct services to the public. In the Legislative branch, the Legislative Council legislates, approves public expenditure and monitors the performance of the Administration. On immigration matters, the most important intervention by the legislature is the July, 1999 amendment of the Immigration Ordinance to regulate the inflow of right-of-abode seekers.

As the rule of law is followed in Hong Kong, the Judiciary operates on the principle, fundamental to the common law system, of independence from the Executive and the Legislature. The Court of Final Appeal has the power of final adjudication. As immigration issues take on constitutional overtones, as the right-of-abode case shows, the role of the judiciary is pivotal. A number of legal battles have been fought in the courts. Nevertheless, as constitutionally the NPC has the right to interpret the Basic Law, local courts are obliged to follow the NPC's interpretation. Still, the rule of law is important because government decisions have continued to be challenged in the courts of law.

Two policy bureaux are central to the policy-making process on immigration and imported worker matters. The Education and Manpower Bureau has overall responsibility for the formulation, coordination and implementation of education and manpower policies in Hong Kong. Its portfolio includes the formulation and implementation of the importation of labour schemes. Under the

⁵⁰ *Ming Pao*, November 11, 2001.

Education and Manpower Bureau, the Labour Department is the principal agency in the Hong Kong SAR government responsible for the execution and co-ordination of major labour administration functions.

The Security Bureau, on the other hand, is responsible for the formulation, coordination and implementation of policies related to internal security, maintenance of law and order (including the operation of various law enforcement agencies) and controlling immigration. The Immigration Department is under the Security Bureau's purview and the agency responsible for the execution of immigration-related policies. Apart from controlling the movement of people in and out of the HKSAR, the Immigration Department provides services to local residents including the issue of HKSAR passports and other travel documents, visas and identity cards, the handling of nationality matters and the registration of births, deaths and marriages.

A major focus of the Department is the detection and prosecution of immigration law offenders and the repatriation of illegal immigrants. The screening and approval of employment visas is another area of the Department's responsibilities, which includes, for example, the admission of FDHs. It has to ensure that the FDHs admitted are working under the prescription of the relevant regulations. Unlawful employment of FDHs will be investigated and prosecuted by the Department's Investigation Division. The overall coordination of various immigration-related policies is the responsibility of the Security Bureau, but as some of the policies overlap with the portfolio of the Secretary for Education and Manpower, higher level coordination is forged at the Chief Secretariat and if necessary, by the Executive Council and Chief Executive.

In addition to these two departments, as the issue of educating right-of-abode seeking children shows, sometimes other government agencies, this time the Education Department, will be drawn into immigration matters. This is unavoidable as immigration matters become more complex and spilled over into other policy areas.

Finally, if legislative changes are necessary, a bill will be formulated and drafted by the various policy bureaux and then submitted for approval by the Chief Secretary and Chief Executive with the assistance of the Executive Council. If legislative changes are required, a bill will then be submitted to the Legislative Council for deliberation. If the Council approves the bill, the relevant departments will implement it accordingly. Trade unions, community groups and professional and business associations can submit their views either directly to the relevant policy bureaux or through individual Legislative Councillors. Apart from Legislative Councillors elected from geographical constituencies, there are also functional constituencies representing various businesses, professional and labour interests. For example, three Legislative Councillors are currently elected by trade unions through their functional constituency. In addition, trade union and employer representatives are also present at the Labour Advisory Board which offer advice to the Commissioner for Labour on a variety of labour matters. Some immigration-related measures, however, do not require legislative changes and hence do not involve the process of legislation; the Admission of Talent Scheme mentioned above is one such example. In these cases, the decision of the Chief Executive and Executive Council based on the proposals by the policy bureaux would be sufficient although the opinions of the Legislative Council will also be sought.

Conclusion

Immigration has always been a politically controversial issue in most countries. Although the right of abode issue has more or less been settled to the government's favour, the special relation between Hong Kong and China still means that a steady stream of immigrants from the latter has to be

reckoned with. Since many of the mainland immigrants are economically dependent and Hong Kong cannot select the kind of immigrants to take in, the short-run effect of the increase in immigration from the mainland towards and after 1997 is likely to add to the burden on the government to provide necessary social services to them. Yet new immigrants are also likely to increase the supply of labour force and contribute to the long-run competitiveness of the economy. The challenge for the community is to assist their entrance into the labour market and provide the right kind of training for them. The irony is perhaps that at a time when Hong Kong need to control more tightly the coming of immigrants from the mainland, it is also opening its doors to, and indeed are actively soliciting, highly skilled migrants from China. This is certainly a dilemma that the Hong Kong government shares with many counterparts in other places.

The recession has also sparked off new debates over the importation of migrant workers in Hong Kong. The salary reduction of FDHs reflected employers' concerns in a difficult time. The range of other proposals to reduce the demand for FDHs is also a natural response to the recession. The government, in a sense, has been caught in the crossfire. So far, government policies have striven to balance the interests of employers, local and migrant workers. Whether it can continue to do so depends both on its own political skills and on the situation of the local labour market.

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ANNEX I
MAJOR ECONOMIC INDICATORS

	1994	1995	1996	1997	1998	1999	2000
Real GDP growth (%)	5.4	3.9	4.5	5	-5.3	3.0	10.5
Current account balance (million HK\$)*				-47681	30238	89109	68784
Foreign direct investment (million HK\$)					114446	190762	502127
Producer price index (1990=100)	108.2 (2.1%)	111.2 (2.8%)	111.1 (-0.1%)	110.8 (-0.27%)	108.8 (-1.8%)	107.1 (-1.6%)	107.3 (0.2)
Consumer price index (10/94-9/95=100)	93.4 (8.8%)	101.9 (9.1%)	108.3 (6.3%)	114.7 (5.8%)	117.9 (2.8%)	113.2 (-4.0)	108.9 (-3.8)
Real GDP per person (HK\$ at 1990's price)	120540 (3.1%)	122778 (1.9%)	122718 (0)	127751 (4.1%)	119974 (-6.1%)	122429 (2.0%)	134064 (9.5%)
Real wage growth (%)							
Craftsmen & operatives	-2.2	-3.3	2	1.4	-0.8	3.9	1.7
Non-production workers to supervisory level	1.5	-1.1	1	1.7	0	1.8	3.8
Middle management and professionals	4.1	3.8	3.3	3.5	2.9	4.4	8.6

Source: Census and Statistics Department, *Hong Kong Annual Digest of Statistics*, various issues.

Note: 2000 figures are provisional and subject to adjustment.

Table 1. **Gross Domestic Product and its main expenditure components at 1990 constant price**
(year-on-year rate of change (percentage))

	1996				1997				1998				1999#				2000#				2001#			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Private consumption expenditure	4.7	6.2	-7.4	0.7	5.5	8.7	5.6	2.6	3.0	3.6	1.3													
Government consumption	4.0	2.4	0.8	3.3	2.1	3.7	2.5	-0.6	3.9	4.1	6.2													
Gross domestic fixed capital formation	10.8	12.7	-7.6	-17.5	9.8	5.7	14.8	13.1	11.5	1.3	3.7													
Export of goods	4.8	6.1	-4.3	3.7	17.1	20.7	17.7	13.3	4.2	-1.9	-4.0													
Export of services	9.7	-0.1	-1.8	5.7	14.1	15.8	18.2	9.5	6.2	6.3	1.5													
Import of goods	4.3	7.2	-7.2	0.1	18.1	22.9	18.8	13.4	5.3	-0.7	-3.4													
Import of services	4.9	4.0	2.7	-3.1	2.1	-0.9	3.4	2.7	3.9	1.0	-2.0													
Real GDP	4.5	5.0	-5.3	3.0	10.5	14.1	10.7	7.0	2.2	0.8	-0.3													
Real GDP (HK\$ billion)	790	829	785	809	894	209	213	236	214	215	234													

Source: Census and Statistics Department, 2001. <http://www.info.gov.hk/censtatd/eng/hkstat/index.html>

Notes : (#) Figures are subject to revisions later on as more data become available.

Table 2. **Distribution of GDP by sector, 1980-2000**

Economic activity	1980	1985	1990	1996	2000#
Agriculture and fishing	0.8	0.5	0.3	0.1	0.1
Industry	31.7	29.9	25.3	14.1	14.1
Mining and quarrying	0.2	0.1	0.0	0.0	0.0
Manufacturing	23.7	22.1	17.6	5.8	5.8
Electricity, gas and water	1.3	2.6	2.3	3.0	3.0
Construction	6.6	5.0	5.4	5.3	5.3
Services	67.5	69.6	74.5	84.4	85.8
Wholesale, retail and import / export trades,	21.4	22.8	25.2	26.7	26.3
Transport, storage and communication	7.4	8.1	9.5	9.8	10.1
Financing, insurance, real estate and business services	23.0	16.0	20.2	25.1	23.5
Community, social and personal services	12.1	16.7	14.5	17.6	21.2
Ownership of premises	8.9	10.5	10.6	13.1	12.9
Adjustment for financial intermediation services indirectly measured	-5.4	-4.6	-5.5	-7.9	-8.2

Source: Census and Statistics Department, 2001. <http://www.info.gov.hk/censtatd/eng/hkstat/index.html>

Note: (#) provisional estimates.

Table 3. **Distribution of employment by sector (percentage)**

Year	Manufacturing	Construction	Commerce	Transport & Communication	Finance & Business	Services	Others	Total ('000s)
81	39.2	8.8	20.8	7.0	5.0	17.3	1.9	2407.0
86	35.0	7.7	23.0	8.3	6.2	17.6	2.3	2625.4
87	34.2	8.0	23.4	8.5	6.4	17.3	2.3	2688.5
88	32.0	8.5	24.3	9.0	6.8	17.6	1.9	2740.7
89	29.7	8.4	24.9	9.6	7.4	18.2	1.8	2748.6
90	27.7	8.3	25.9	9.9	7.7	18.9	1.6	2741.0
91	26.1	8.2	26.7	10.0	8.3	19.3	1.5	2793.8
92	23.9	8.5	27.4	10.7	8.4	19.6	1.4	2787.2
93	21.5	8.0	28.5	11.2	9.5	20.0	1.3	2865.0
94	18.8	7.9	28.6	11.4	11.5	20.2	1.5	2968.5
95	17.5	8.1	28.9	11.4	11.6	21.5	1.1	3012.7
96	15	9.4	29.8	10.9	12.1	21.6	1.1	3063.2
97	13.4	9.8	30.3	10.9	13.1	21.5	1.0	3253.4
98	11.8	9.5	30.5	11.2	13.7	22.3	0.9	3232.5
99	11.5	9.4	30.1	11.1	13.9	23.1	0.9	3342.7
2000	10.2	9.5	30.7	11.2	14.1	23.6	0.8	3254.9

Source: Quarterly Report on General Household Survey, various years.

Note: Year-end figures.

Table 4. Growth of real wages 1992 to 2000¹

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Craftsmen and Operatives	0.0	1.7	-2.1	-3.6	1.9	1.4	-0.8	3.9	1.7
Non-production workers to supervisory level	0.4	2.6	1.5	-1.3	0.9	1.7	0	1.8	3.8
Middle-management and professionals	3.5	4.6	4.1	3.8	3.3	3.5	2.9	4.4	8.6

Source: Census and Statistics Department, Annual Digest of Statistics, Monthly Digest of Statistics various issues.

Note: 1. Wages for craftsmen and operatives, and other non-production workers are September figures. Figures for managerial employees refer to Real Salary Index (B) in June of the year.

Table 5. Legal immigration to Hong Kong, 1995-2000

Status	1995	1996	1997	1998	1999
Legal entrants for residence from China	45 986	61 179	50 287	56 039	54 625
With employment visas					
* persons with special skills admitted under normal immigration policy					
- Technical professionals	2 967	2 177	4 026	2 932	2 533
- Administrators, managers and other professionals	6 550	7 650	8 545	7 702	7 294
- Others	6 521	4 557	3 990	4 286	4 694
<i>Sub-Total</i>	<i>16 038</i>	<i>14 384</i>	<i>16 561</i>	<i>14 920</i>	<i>14 521</i>
* PRC nationals who have resided overseas for more than 2 years (or 1 year after Nov 2000) [°]	298	198	219	174	126
* PRC nationals admitted under the pilot scheme for entry of 1000 PRC professionals [@]	304	166	84	3	---
* Construction workers for the New Airport Scheme and related projects [#]	5 751	4 103	4 425	1 949	31
* Workers admitted under the General Labour Importation Schemes and Supplementary Labour Scheme [⊕]	9 853	1 215	3 031	2 164	830
Grand Total	32 244	20 066	24 320	19 210	15 508
<i>With residence visas</i>	<i>16 114</i>	<i>18 547</i>	<i>19 848</i>	<i>19 444</i>	<i>15 556</i>

Source: Unpublished information supplied by the Immigration Department.

Note: @ The scheme was closed in August, 1998.

The scheme was closed in March, 1999.

⊕ The General Schemes ended after a review in 1995.

° The overseas residential requirement for overseas PRC nationals coming for employment.

Table 6. Number of FDHs in Hong Kong 1990-2000 (year-end figures)

Year	Persons	Growth Rate (%)
1990	70 300	
1991	84 600	20.3
1992	101 200	19.6
1993	120 600	19.2
1994	141 400	17.2
1995	157 000	11.0
1996	164 300	4.6
1997	171 000	4.1
1998	180 600	5.6
1999	193 700	7.3
2000	216 790	11.9

Source: 1990-97, *Apple Daily*, September 11, 1998, citing Immigration Department figures. 1998 and 1999 figures are supplied by the Immigration Department. 2000 figure is from the Commissioner for Labour, *Report of the Commissioner for Labour*.

Table 7. National origin of FDHs in Hong Kong (% total in brackets)

Country	1991	1995	1999	2000
Philippines	75 667 (91.1%)	131 176 (85.1%)	143 206 (75.3%)	151 485 (71.1%)
Indonesia	1 822 (2.2%)	16 357 (10.6%)	41 397 (21.7%)	55 174 (25.9%)
Thailand	5 597 (6.7%)	6 708 (4.3%)	5 755 (3.0%)	6 451 (3.0%)
Total	83 086	154 241	190 358	213 110

Source: Unpublished information supplied by the Immigration Department.

Table 8. Number of FDH cases handled by the Labour Department

Year	No. of FDH-related claims	Total no. of claims
1997	1 972	20 404
1998	2 552	30 204
1999	2 280	31 890
2000	2 188	28 620
2001	2 461	31 152

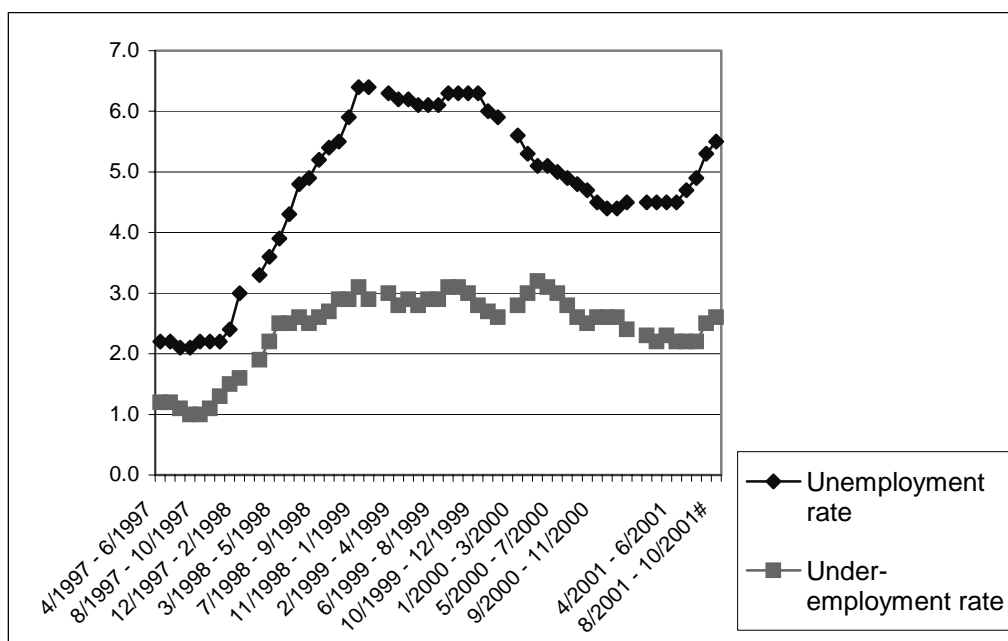
Source: Unpublished information supplied by the Labour Department.

Table 9. Population by nationality, 1991, 1996 and 2001

Nationality	1991		1996		2001	
	No.	%	No.	%	No.	%
Chinese (domiciled in Hong Kong)	5 191 545	94.0	5 623 467	90.4	6 261 864	93.3
Chinese (domiciled in Hong Kong)	48 029	0.9	64 717	1.0	76 898	1.1
British	68 502	1.2	175 395	2.8	25 418	0.4
Filipino	64 658	1.2	120 730	1.9	143 662	2.1
Canadian	15 135	0.3	32 515	0.5	11 862	0.2
U.S.A.	18 383	0.3	28 946	0.5	14 379	0.2
Indian, Pakistani, Bangladeshi & Sri Lankan	14 329	0.3	20 955	0.3	28 642	0.4
Japanese	10 850	0.2	19 010	0.3	14 715	0.2
Thai	11 787	0.2	15 993	0.3	14 791	0.2
Others	71 158	1.3	93 771	1.5	49 150	0.7
Total	5 522 281		6 217 556		6 708 389	

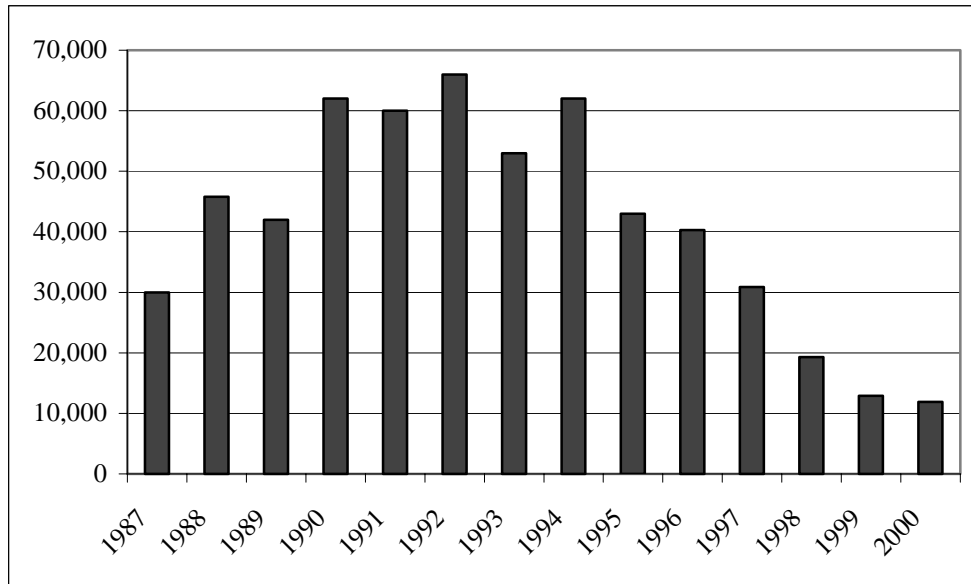
Source: Census and Statistics Department 2001a: 34. Figures refer to the first nationalities reported by respondents in the census/by-census. Some people claimed a second nationality but data on second nationalities are not included in this table.

Figure 1. Seasonally adjusted quarterly unemployment and underemployment rate, April 1997-October 2001 (%)



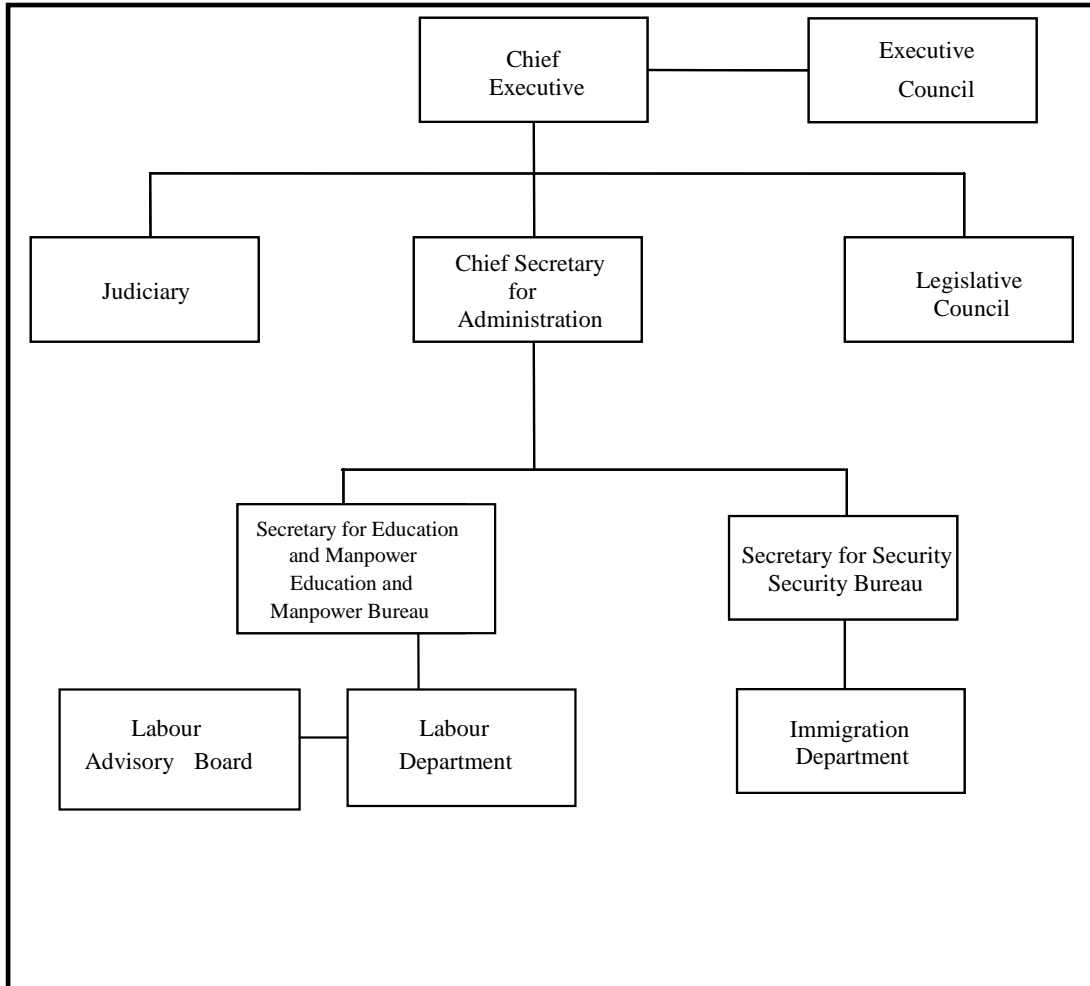
Source: Census and Statistics Department 2001, http://www.info.gov.hk/censtatd/eng/hkstat/fas/labour/ghs/labour1_index.html

Figure 2. Official Hong Kong government estimates on emigration, 1986-1999



Source: Hong Kong Government Information Centre. March 1999. "Topical Information: Emigration". <http://www.info.gov.hk/info/emigrat.htm>. Information Services Department, 2001. *Hong Kong Background Information*. <http://www.info.gov.hk/hkbi/enghkbi/13/13-4a.htm>.

Figure 3. The policy-making framework on immigration and imported workers



FOREIGN WORKERS IN CHINESE TAIPEI

by

Joseph S. Lee

National Central University, Taipei

Economy and the labour market

Over the past fifty years, the social, political and economic environments in Chinese Taipei have undergone substantial changes, particularly since 1987, as Chinese Taipei has changed from a less developed into a mature economy. A shift took place in its industrial structure, away from the predominance of labour-intensive industries and towards more capital and skills-intensive industries that now dominate the economy. This was accompanied by a shift away from goods-producing industries towards the service sector. For example, in 1987, 46.7% of Chinese Taipei's GDP was generated by the industry sector and 48% by the service sector, but by the year of 2000, these set of figures changed to 33.4% and 65.5% (see Table 1). For manufacturing industries the share of GDP generated by this sector dropped even faster, from 38.9% to 26.4% (Table 1).

The change in Chinese Taipei's economic structure is also clearly reflected in its export structure. Between 1989 and 1999, the share of total exports accounted for by labour-intensive products dropped from 43% to 34%, whilst the share of exported products requiring highly skilled labour rose from 24% to 40% (CEPD 2000). This switch to greater capital- and technology-intensive products meant that whilst the demand for highly skilled workers increased, there was also a corresponding decline in the demand for low-skilled workers.

As the economic structures change, so do the structures of employment; over the past decade, employment opportunities have shifted noticeably away from manufacturing industries and towards service industries. In 1987, the share of total employment accounted for by Chinese Taipei's manufacturing industries was 43%, but by 2001, it had dropped to 27%, whilst the share of employment in the service sector had risen from 42% to 56.8% during the same period (Table 4).

The level of education of the available workforce has also improved significantly throughout the past forty years. Between 1987 and 2000 particularly, the proportion of the workforce with only primary education dropped from 60% to 42%, and the proportion of high-school graduates rose from 27% to 34%, whilst college graduates increased from 14% to 24%. However, the rising demand for a better-educated workforce has also led to a decline in labour force participation rates, particularly amongst teenagers and young adults, since more of them are now enrolled in school. Thus, between 1987 and 2000, the labour force participation rates for the 15 to 19 age group declined from 32% to 15%, whilst in the 20 to 24 cohort, it fell from 69% to 59% (DGBAS, 2002).

Clearly, the rapid rise in income and educational attainment has brought about an increase in the supply of highly educated workers and a reduction in the availability of low-skilled workers, resulting in an acute shortage of low-skilled workers. This shortage caused a serious delay in the construction of infrastructure projects, and the inability of employers in the labour-intensive industries

to fulfil their international orders, with the result that in some cases, customers have turned to neighbouring countries in order to ensure their orders are met.

In the early 1990s, in an effort to resolve the growing shortage of low-skilled labour, the government began to authorize the importation of foreign workers into Chinese Taipei – actually, foreign workers had started entering Chinese Taipei, working there illegally, from the late 1980s; prior to the enactment of the Employment Service Act in 1992, there was already an estimated 40 000 low-skilled foreign workers. By the late-1990s, most of the labour-intensive firms had completed the process of restructuring, either by relocating their labour-intensive facilities abroad, or by upgrading their facilities towards the production of high-tech, or high-value added products. This resulted in the release of a large number of workers to be taken up by other sectors, which not only alleviated the labour shortage problem, but also caused an increase in structural unemployment; by 2000, the overall unemployment rate had risen to more than 3%, a record high for the previous fifteen-year period.

The solution to the labour shortage problem thus brings about a paradoxical amelioration, as it entails a simultaneous rise in the unemployment rate, all the more so that as the unemployment rate rose alarmingly from less than 2% in 1995, to over 5% in 2001, there was a correspondingly rapid rise in the importation of foreign workers, from 250 573 in 1995 to 326 515 in 2000.

The DPP government has proved unable to take concerted action. The recession that has followed saw the unemployment rise drastically. Interestingly, the number of foreign workers has also risen. Of all the questions raised by this paradox, the most interesting ones are: “What role did foreign workers play in the past?”, and “Was it not to relieve the labour shortage problem in Chinese Taipei?”. If this is the case, then why has the level of importation of foreign workers continued to rise when the labour shortage problem had already been significantly reduced? More importantly, what role did these foreign workers play when Chinese Taipei’s economic structure was undergoing its transformation from a labour-intensive, low-skilled economy, to a highly skilled, capital-intensive economy? And what will be the role of foreign workers as Chinese Taipei moves forward towards a high-tech, knowledge-based economy? Will their services no longer be required in Chinese Taipei? These are the questions investigated in this paper. Another emerging problem is the shortage of highly skill and professional workers.

The structure of this paper is as follows. Following this Introduction, a second section examines the basic principles of Chinese Taipei’s foreign labour policies for low-skilled workers. The following section undertakes an analysis of the changes in the role of foreign labour; the fourth section is a discussion of the challenges to the government’s mechanism for allocating foreign workers to designated industries and occupations. After a discussion of the current public policy towards the importation of white-collar and professional workers, the last section before the conclusion comments on the number of illegal workers in Chinese Taipei.

Low-skilled foreign workers

The basic principles in importing low-skilled foreign workers

The fundamental reason for the importation of low-skilled foreign workers into Chinese Taipei was to alleviate the labour shortage in the construction, labour-intensive industries, and 3D jobs (dirty, dangerous, and difficult) shunned by nationals. Based on this rationale, the government formulated its foreign labour policy, and in 1992, enacted the Employment Service Act. This law

officially established the principles and procedures for the importation of foreign workers into Chinese Taipei, as follows (see Table 5).

Foreign workers are imported only to supplement nationals and not to replace them. Based on this principle, the government has set quotas that restrict their importation to designated industries and occupations. Employers wishing to import foreign workers must clearly show that a labour shortage exists in their industries or occupations, and that the shortage has hindered their operations, their expansion, or the upgrading of their production facilities. In most cases, to ensure that the employment of foreign workers does not replace native workers, the law limits their employment to a maximum of 30% of the firm's total workforce. It also prohibits the employment of foreign workers in administrative and management units, since there is no indication of any labour shortage in these occupations. Small firms, *i.e.*, those with less than 10 employees, are also prohibited from importing foreign workers on the grounds that they have minimal impact on the economy, and also because of the difficulties in administering these programmes.

Foreign workers are imported only on a temporary basis; they cannot become permanent immigrants. Under this principle, they are allowed to stay in Chinese Taipei for only two years; if their continued presence is necessary, they may obtain an extension up to a maximum of three years.

Foreign workers cannot be imported if the upgrading of Chinese Taipei's industrial structure is delayed as a consequence.

The importation of foreign workers should be under the condition of minimum social costs, which means that family reunion and marriages with nationals are not allowed. Any female worker who is found to have become pregnant is immediately deported, and those found guilty of committing a crime, even a relatively minor offence such as shoplifting, are also deported immediately.

As one can see clearly from the above discussion, the purpose of importing foreign workers, as set by the government, was strictly to relieve the labour shortage in the construction and labour-intensive industries in the manufacturing sector. It was always the government's intention that after a certain period of time, once the labour-intensive industries had completed their adjustment, the demand for foreign workers in Chinese Taipei could be reduced substantially, or even eliminated.

The pre-1995 role of low-skilled foreign workers

During the late 1980s, many of the government's infrastructure construction projects were unable to actually start because of a severe labour shortage. Private employers in construction and labour-intensive industries had also experienced great difficulties in obtaining low-skilled labour. As Table 5 shows, the government permitted the importation of foreign workers only into these two sectors. Table 6 also demonstrates that foreign workers were indeed found only in these fields (e.g., in 1992, two-thirds in construction and one third in manufacturing). Between 1992 and 1993, the government decided to import more foreign workers into the manufacturing industries due to the persistent labour shortage (see Table 6), and by 1995, more than three-quarters (76.62%) of all foreign workers were working in that field, whilst the share in construction had dropped to less than a quarter (23.38%) (see Table 7).

Within the manufacturing sector, the largest share of foreign workers was found in labour-intensive industries, such as textile, plastic and metal products, wood and bamboo, electrical and electronic manufacturing. However, by 1995, many of these industries had completed their adjustments, either by relocating their labour-intensive facilities abroad, adopting automated

production facilities at home, or by upgrading themselves into more skills-intensive and greater value-added products. Thus, in 1995, the share of foreign workers in these labour-intensive industries started to decline (see Table 6).

In short, during the early 1990s, the government allocated foreign workers to areas where employers were experiencing the most serious labour shortages. The magnitude of the labour shortage was considerably reduced. For example, the vacancy rate in the manufacturing industries, which accounted for 7.32% in 1992 and 9.83% in 1993, had fallen to just 3.82% by 1999. In construction, the vacancy rate also dropped from 7.29% in 1992 to 3.21% in 1999, whilst the unemployment rate amongst low-skilled workers had risen to 3.3%, or 43% of the total unemployed (*Commercial Times*, August 15, 2000, p. 2).

The post-1995 role of low-skilled foreign workers

Promotion of high-tech and rapidly expanding export industries

After 1995, the major function for the foreign workers in Chinese Taipei gradually shifted from alleviating the labour shortages in the labour-intensive industries, to contributing to these high-tech and rapidly expanding industries. Therefore, it is no surprise to see that in 1997, the proportion of foreign workers in the electrical and electronics industries (which have been transformed from labour-intensive to high-tech industries) bypassed the textile industry to become the largest employer of foreign workers. By 2000, 16.24% of all foreign workers were employed in the former sector, whilst the latter accounted for only 10.08%. The number of foreign workers in the machinery industries also rose quickly. In 1995, there were only 3 876 foreign workers in these industries, but by 2000, the number had risen to 7 830 or 2.4% of all foreign workers.

The electrical and electronics, metal products and basic metal products industries have now become the major employers of foreign workers, and also the major exporters of Chinese Taipei-made products. In 2000, the electronics and machinery industries together employed 18.84% of all foreign workers (one-third of all foreign workers in the manufacturing sector), exporting 61.7% of Chinese Taipei's total exports (*Industry of Free China*, June 2000). This rapid development of the high-tech industries occurred just in time to save the country from the 1997 Asian financial crisis; although Chinese Taipei's exports to Southeast Asian countries dropped during this period, the crisis was offset by the increase in the export of high-tech goods to the US and other industrialized countries.

Additional evidence of the changing role of foreign workers from the relief of labour shortages in the labour-intensive industries to the promotion of high-tech and export-oriented industries lies in the reduced share of foreign workers in most of the labour-intensive industries and the rising proportion of foreign workers in the capital and skills-intensive industries. Table 7 reveals that since 1995, the share of foreign workers in apparel, leather, lumber and bamboo, and plastics have all been declining, with the textile and rubber industries being two notable exceptions. At the same time, however, the shares of foreign labour in capital- and skills-intensive industries such as machinery and electronics and electrical industries have all been increasing. In fact, the shares of foreign workers in the machinery industries rose from 2.5% in 1997, to 3.67% in 1999, and in the electronics and electrical industries, from 4.0% in 1995, to 7.6% in 1999 (see Table 7).

Further evidence of the changing role of foreign workers is provided by the change in the number by category of admission. As Table 8 shows, since 1995, the number of foreign workers

admitted to the so-called labour shortage industries such as the “68 industries” in manufacturing, and the “73 industries” and the “6 ceramics industries” in the manufacturing industries, has declined significantly, whilst in investment projects it rose from 29 325 persons in 1995, to 65 916 in 2000, or from 11.7% to 20.19% of all foreign workers admitted to Chinese Taipei (see Table 8). In short, the government has intentionally used the tool of foreign worker allocation to increase the supply of labour to capital- and skills-intensive industries, and in the case of major exporting industries, to speed up the upgrading of Chinese Taipei's industrial structure.

Increasing female labour force participation rates

While the government has a clear policy towards the importation of low-skilled workers, it does not have a formal policy on the importation of white-collar and professional foreign workers. During the 1960s and 1970s large number of Chinese Taipeiese students went to the US, Canada and other industrialized countries for advanced studies. When they completed their studies abroad they usually remained in these countries due to the higher salary and better working conditions existing there. However, in the 1980s, when Chinese Taipei entered a more industrialised stage, this brain drain started to decrease, partly thanks to the government's efforts. In short, the government found that the so called brain drain turned out to be a reservoir of highly trained manpower.

In an effort to encourage female participation, and thus to increase the labour supply, the government has recently improved the availability of foreign household maids and helpers for private homes and medical institutions. For example, in 1995, only 16 472 foreign workers were imported under these occupations, but by 2000, this number had risen to 79 766 (a rise from 6.57% in 1995, to 25.97% in 2000) (see Table 8).

However, not all of these helpers work in institutions or in households; some of them are assigned by their employers to work in family restaurants or family-owned factories, because many small-sized businesses suffer greatly from labour shortages and are not allowed to import foreign workers. These employers therefore take advantage of the fact that they have elderly family members to apply for “helpers” as a means of solving part of their factory labour shortage problems. Although the number of helpers imported has increased tremendously in recent years, the labour force participation rates of women has not, partly because hiring a household maid or helper is expensive, affordable only by higher middle-class families. Thus, the importation of foreign household helpers might well end up helping the housewives of well-to-do families to increase their leisure time, rather than increasing their availability to the labour market. This policy requires further investigation.

From low-cost labour to management flexibilities

One of the advantages of using foreign workers in the past was low cost. In 1993, foreign workers in the manufacturing industries earned in average 88.22% of a national's earnings, whilst in the construction industries they earned even less (75.5%) (see Table 9). However, as these gaps are narrowing over time, these advantages are rapidly disappearing.

By 1999, in the manufacturing industries, a foreigner was earning as much as 95.3% as a national, whilst in construction, in 1998, the relationship was 89.6%, and in 1999, it went down to 76.9% (see Table 9). One may argue that average earnings are not a very accurate indicator in comparing the costs of hiring native and foreign workers because they include overtime pay, and clearly, foreign workers put in much more overtime work than native workers. Thus one should compare regular wages, not total earnings, and the figures provided in the bottom panel of Table 9

clearly show that the disparity in regular wages is larger than that of total earnings. In 1993, foreign workers earned, on average, 80.7% of native workers' regular wages (58.8% in construction), but by 1999, these regular wage gaps had narrowed to 87.4%, and 65%, respectively, with the long-term trend also moving towards a narrowing gap. When other expenses, such as employment stabilization fees, travelling expenses, dormitory, food, clothing and other administration fees are added to the total earnings, the advantages of hiring foreign workers begins to disappear. Therefore, low labour costs are no longer such an advantage in hiring foreign workers. (This is precisely why recently, employers have been urging the government to exclude foreign workers from the coverage of minimum wage law since foreign workers in Hong Kong (China) and Singapore are not protected by any minimum wage and employers in these countries enjoy a low-cost foreign workforce).

Experience in the past showed that, by employing foreign workers, employers could increase production, and thus, profit. According to surveys conducted by the Council of Labour Affairs, in 1994 and 1995, between 40% and 50% of firms found that their production levels rose as a result of employing foreign workers, with an increase in production of about 18%. In terms of profit, 31% of the firms using foreign workers in 1994, and 23% in 1995, found higher profit levels from the employment of foreign workers (CLA 1994, 1995). However, there is no available data to show the changes in this benefit over time.

Another assumption connected to foreign employment is the improvement of the native workers' work effort: as foreign workers take on the hard, dirty, and difficult jobs, native workers would be able to switch to more meaningful work, thus increasing their morale and work effort. However, we do not find any evidence to confirm this assertion, because it was supported by only 22.59% of the firms using foreign workers in 1994, and 21.14% in 1995. In the majority of the cases, the work effort of native workers was unaffected by the employment of foreign workers (CLA 1994; 1995).

Nationals are becoming more and more reluctant to work overtime, or to work night shifts, whilst foreign workers are eager and willing to take on this type of work. As the figures in Table 10 show, on average, foreign workers put in two to three times more overtime hours than native workers in the manufacturing industries, and up to seven times more than workers in the construction industry. As Chinese Taipei becomes more internationalised and globalised, management flexibility becomes increasingly important to employers, and by accepting overtime and night work, foreign workers clearly play an important role in providing employers with the management flexibility they need, both in terms of numbers of workers, and hours worked.

As shown in Table 10, foreign workers' willingness to work overtime has not declined over time, and in fact, their role in providing management flexibility has become more and more important, because as income levels continue to rise, native workers become even less willing to put in overtime work. Furthermore, the new government has recently announced a reduction in the standard working week to 84 hours for every two weeks, starting from January 2001. Thus, employers are becoming even more dependent on foreign workers.

In short, the role of foreign workers in providing low-cost labour and higher profit levels has been declining, while their part in providing greater management flexibility is increasingly important.

Runaway workers: a challenge to the government's system

The quota system is one of the most useful tools for the government in allocating foreign workers to designated industries and occupations. Employers wishing to hire foreign workers must

send their application to the government for approval. However, to make this system work, not only must employers who hire foreign workers receive prior government approval, but the foreign worker involved must also stay with the same employer until his contract expires and he returns home. Although this system worked well in the early 1990s, it has recently come under increasing criticism and challenge as a result of some workers, on completion of their two-year term, wishing to stay longer in Chinese Taipei. The only practical way to stay is to run away from their current employers and to work illegally for alternative employers.

One of the reasons for wishing to stay longer is that in most cases, foreign workers are recruited via job brokers (in 67.11% of the cases) (CLA 1999, p. 18). The fee the job brokers charge, paid by the workers themselves, amounts to USD 2 241 in average for each job placement; the actual amount depends on the job and the worker's country of origin. According to a CLA study, Thai workers pay the highest referral fees, on average USD 2 512 with the Philippines ranking second at USD 1 835, and Indonesia third with USD 1 580. Malaysians pay the lowest referral fees, at USD 1 027 (CLA 1999, p. 19). Foreign workers are willing to pay these high referral fees because they are protected by the minimum wage law, so they are sure of receiving the highest wages in the region; by contrast, foreign workers in Hong Kong (China) or Singapore, for example, have no minimum wage protection.

By running away to work for other employers and earn more money without having to pay the referral fees, foreigners can better achieve their original goal of making a certain amount of money before returning home. However, these runaway workers cause great problems for both employers and the government. Employers who have runaway foreign workers are not allowed to import other workers to fill the vacancies left behind; they must first find the runaway workers and ensure they depart for their home countries before they are allowed to reapply for other foreign workers. Illegal runaway workers also undermine the government's system of allocating foreign workers to the targeted industries and occupations, making it impossible to keep track of the number and conditions of foreign workers in Chinese Taipei. Three to four years ago, as 30% of the firms employing foreign workers had this problem (CLA, 2000), the government tried to use a bonus system, both to reward policemen who caught these illegal workers, and to help restore the creditability of the allocation system (Lee, 1998). However, this policy failed because the discovery of an illegal worker is clearly not a one-man job, which makes it difficult to decide who should be paid the bonus.

In 1998, the government introduced an alternative policy which required employers to sign contracts with their foreign workers giving the employers the right to deduct up to 30% of their monthly earnings for deposit into individual savings accounts. Foreign workers were not allowed to withdraw any money from these accounts until they had completed their employment contracts and were ready to go back to their home countries. By 1999, 83.26% of employers in the manufacturing industries and 70.3% in the construction industries had set up such special accounts (CLA, 2000, p. 8), with employers deducting, on average, 18.15% of their workers' monthly pay (around NT\$ 2 995, or USD 96.6). This programme, by and large, is proving effective: the proportion of firms with runaway workers has already dropped from 30.1% in 1995-96, to 14.74% in 1998-99. However, it has also given rise to other problems, such as the fact that some employers refuse to return the deducted money to foreign workers once they have completed their contracts and are ready to go home (*United Daily*, 21 October 1998, p. 6).

One of the principles of importing foreign workers is minimum social cost. Have foreign workers raised the social costs for Chinese Taipei? The answer is no, because they cause neither health nor crime problems. They are required to pass a health screening test at home before entry and another health test upon entry. In 1991, only 1.93% failed their health screening tests. These failure rates dropped to 1.36% in 1994 and 1.2% in 1996, and raised somewhat to 1.71% in recent years. A

more serious issue is the higher percentage of foreign workers who pass their first test upon entry but fail their second health test after working in Chinese Taipei for a period of time. For example, in 1997, the failure rate for second tests was 1.88%, and in 1999, 1.82%. These figures could mean either that these workers have put in too many hours or that their working conditions are so poor that their health is deteriorating. The government needs to watch these developments closely (*Labour Management Relations Monthly*, No. 226, p. 10).

The crime rates for foreign workers are low. For example in 1998 the official policy record showed that only 233 foreign workers were caught in serious crime and were deported (*Labour Management Relations Monthly*, No. 226., p.10). Foreign workers have thus adjusted quite well in Chinese Taipei, partly because many of them have a similar cultural background. Besides, the Council of Labour Affairs has set up more than 15 centres all over the county to provide them with counselling services.

Policy on importing foreign white-collar and professional workers

Whilst the government does have a coherent policy on the importation of low-skilled foreign workers, it does not have any formal policy on the importation of white-collar and professional workers. This is partly because, in the past, Chinese Taipei had no shortage of highly skilled technicians and professionals. However, a distinct shortage of labour supply developed in certain crafts and professions in the 1960s and 1970s, mainly because a very high proportion of Chinese Taipeiese students who had gone abroad to study decided not to return home. They remained in the host countries because of the attraction of higher pay and better working conditions. During that period, a considerable number of these highly educated Chinese Taipeiese professionals took up employment in the US, Canada and some other industrialized countries, creating the so-called “brain drain” phenomenon.

During the 1980s, as the structure of the Chinese Taipeiese economy began to shift towards more skills- and knowledge-intensive industries, the demand for highly skilled workers and professionals increased rapidly. In order to raise the supply of such workers, the government began to source actively these skilled professionals from amongst Chinese Taipeiese graduates who had remained overseas, with some degree of success. From the mid-1980s onwards, as a direct result of the government’s active intervention, there was a significant increase in the number of students returning to Chinese Taipei on completion of their overseas studies. For example, while only 937 students returned to Chinese Taipei in 1980, by 1994, 6 510 students had decided to come back (Table 11).

The reported number of returning students has declined somewhat since the mid-1990s. This is partly because the government cancelled subsidized airfares for students returning home, and thus, some of these returnees who had come home at their own expense did not bother to report their return to the government; hence, they were not included in the government’s published list. However, another reason is that pay levels at home are now much more attractive and employment opportunities are plentiful. Thus, the current young generation does not feel the need to go abroad for advanced studies or to find employment in the industrialized countries.

In short, up until very recently, there was a considerable number of highly trained Chinese Taipeiese professionals employed in western industrialized countries, particularly the US and Canada; Chinese Taipei could count on these people as an important potential source of supply of highly skilled labour. However, with the rapid shift in the economy in recent years (towards skills- and knowledge-intensive industries) and the drop in the number of students studying abroad (due to

improvements in Chinese Taipei's living standards and rising salaries) the shortage – and therefore, the demand for such workers – has increased considerably.

In response to this shortage, the government recently implemented a number of programmes aimed at attracting both Chinese Taipeiese and Mainland Chinese professionals, who had been trained abroad, to come to Chinese Taipei. The government also revised the “Employment Service Act”, relaxing some of the entry restrictions on highly skilled foreign workers. In February 2000, the Ministry of Economic Affairs announced that it would provide subsidies to employers in the private sector to assist them to recruit foreign professionals. The programme reads as follows:

For foreign professionals with a Ph.D. and 8 years of work experience, an MA degree and 12 years experience, or a BA degree and 14 years experience, the government will subsidize up to one-half of the professional's salary, to a maximum limit of NT\$ 80 000 per month.

For a Ph.D. holder with less than 8 years experience, an MA with 12 years experience, or a BA with 14 years experience, the government will subsidize up to one-half of his salary, with a maximum limit during the first year of NT\$ 65 000 per month, followed by 70% of the first year's subsidy during the second year, and 40% during the third year.

For a PhD holder with 2 to 4 years working experience, an MA with 4 to 6 years experience, or a BA with 6 to 8 years experience, the government will subsidize up to one half of his salary, with a maximum limit of NT\$ 50 000 per month for the first year, 70% of the first year's subsidy during second year, and 40% during the third year.

The question of whether such programmes will prove effective in attracting foreign professionals has yet to be answered, and there are also limits on the total amount of subsidies that an individual company may receive, *i.e.*, a company may submit only one application per year, and the total amount subsidized may not exceed NT\$ 1.5 million during the first year. There are also stipulations on the specific skills of the foreign white-collar workers and professionals that should be attracted to Chinese Taipei. According to Article 42 of the “Employment Service Act 1994”, only the following types of foreign workers may be imported:

1. Professional and technical workers;
2. Managers of foreign-owned or overseas Chinese-owned firms;
3. Teachers of public and private colleges and universities and language school teachers;
4. Short-term language teachers;
5. Sportsmen and sports coaches;
6. Religious practitioners or artistic performers; and
7. Other types of persons capable of making an important contribution to the development of Chinese Taipei.

Considering the above list, it comes as no surprise to see that foreign workers are concentrated in professional and managerial positions, religious functions, and language teaching.

As shown in Table 12, the number of foreign professional workers entering Chinese Taipei increased throughout the 1990s, from only 17 824 foreign male professionals and 12 464 foreign female professionals to 183 171 male and 205 018 female professionals at the turn of the century. Most of them are to be found in the northern part of Chinese Taipei, *i.e.*, Taipei city and Taipei and

Taoyun counties, although there is also a notable proportion in the cities of Taichung and Kaoshiung. Very few foreign professionals work outside of these areas, since this is where most of the big industries are located.

According to occupation, most of these professionals are, in ascending order, teachers, religious practitioners (technically these should not be referred to as foreign professionals because they do not work for an employer), businessmen, and engineers. Their countries of origin are: Japan (19.1%), the US (15.6%) and Canada (4.6%), while a further 4 to 6% comprise of Asian foreign professionals, such as Koreans, Malaysians, Indonesians and Filipinos. As Table 13 reveals, amongst US nationals, most of these professionals are found in teaching, including college and language teaching. The occupational distribution of Japanese professionals is somewhat different; they are heavily concentrated in business, engineering and language teaching. Most of the Indian professionals are found in business, whilst Filipinos and Malaysians are concentrated in the field of engineering.

Illegal workers

As Chinese Taipei becomes more and more liberalized and globalised, entry and illegal stay are becoming easier for foreigners. As Table 13 shows, there are three types of foreign alien, mere overstayers, overstayers who work illegally, and illegal entrants who also work illegally. As we see from figures in table 13, the number of working overstayers is on the rise. It is important to know that these figures do not include the large number of illegal workers from Mainland China, as they are Chinese too and thus almost impossible to catch and deport. In short, the figures in Table 13 underestimate by far the true number of illegal foreign aliens in Chinese Taipei.

Summary and conclusions

During the past ten years, the structures of Chinese Taipei's economy and of its labour force have changed rapidly. It is clear that foreign workers were originally imported to alleviate the labour shortage in the construction and labour-intensive industries. As labour shortage became less serious, the government redirected foreign workers into the high-tech and rapidly expanding industries, so that foreign workers are clearly being used to increase the supply of labour to the targeted industries and to speed up the transformation of Chinese Taipei's economic structure.

In order to increase female labour force participation rates, and hence, the supply of female labour, the government increased the importation of household maids and helpers. This was designed to enable women to be released from taking care of young children and elderly parents or disabled family members (tasks traditionally performed by women in Chinese Taipei).

The high referral fee and the short duration of employment contracts (2 to 3 years) has resulted in increasing numbers of runaway foreign workers in Chinese Taipei at one time, which almost destroyed the government's foreign worker allocation system. This problem has, however, been resolved satisfactorily by requiring employers to set up individual savings accounts for their foreign workers, retaining a portion of their income on individual accounts that workers are not allowed to access until they are ready to return home.

The rising unemployment rate amongst native workers in recent years has caused the unions and social groups to call on the government to reduce the number of foreign workers. However, such policies were could not achieve this purpose, nor create jobs for native unemployed workers. The new government needs to recognize that the role of foreign workers in alleviating labour shortages in the

construction and labour-intensive industries have been, by and large, accomplished, and that the new role of foreign workers is to promote the development of high-tech and rapidly expanding industries. However, whilst many people may think that jobs in the high-tech industries are clean and highly paid, such a perception is wrong. Many of these jobs involve long working hours and hard labour, which is why Chinese Taipei nationals are unwilling to occupy them. Therefore, the provision of foreign labour for these industries can help speed up their expansion and thus, create better jobs for native workers. The experiences of West Germany and Switzerland immediately after WWII showed that by importing foreign workers, these countries enjoyed a high rate of growth, whilst the policies of the UK and others, which restricted the importation of foreign workers, succeeded only in limiting their economic growth.

As for illegal foreign workers, one can expect their number will continue to increase, since Chinese Taipei is becoming more and more liberalized. However, if the new government is unable to take action soon, the logical consequences of the long period of recession and high unemployment will probably contribute to their decrease.

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Table 1. Major indicators of Chinese Taipei economy

Year	Population		Increase rate of average earnings in manuf.	Economic growth rate (%) ¹	GNP (current prices, US \$ mln)	Per capita GNP (current prices, USD)	Industrial production		Structure of industry (as % of GDP)				Consumer Prices		
	No. (1 000 persons)	% Change from previous year					General index 1996=100	% Change from previous yr	Total	Agric.	Ind.	Manuf	Services	General index 1996=100	% Change from Previous yr
1987	19 673	1.1	9.8	12.7	103 641	5 298	69.8	10.6	100.0	5.3	46.7	38.9	48.0	73.3	0.5
1988	19 907	1.2	10.8	7.8	126 233	6 379	72.8	4.3	100.0	5.0	44.8	37.2	50.1	74.2	1.3
1989	20 107	1.0	14.4	8.2	152 565	7 626	75.6	3.8	100.0	4.9	42.3	34.6	52.8	77.5	4.4
1990	20 353	1.2	13.3	5.4	164 076	8 111	75.4	-0.2	100.0	4.2	41.2	33.3	54.6	80.7	4.1
1991	20 557	1.0	11.0	7.6	183 736	8 982	81.0	7.4	100.0	3.8	41.1	33.3	55.1	83.6	3.6
1992	20 752	1.0	10.3	7.5	217 004	10 502	84.5	4.4	100.0	3.6	40.1	31.8	56.3	87.3	4.5
1993	20 944	0.9	7.0	7.0	228 578	10 964	87.8	3.9	100.0	3.6	39.4	30.6	57.0	89.9	2.9
1994	21 126	0.9	6.7	7.1	248 337	11 806	93.6	6.6	100.0	3.5	37.7	29.0	58.8	93.6	4.1
1995	21 304	0.8	5.7	6.4	269 125	12 686	98.0	4.7	100.0	3.5	36.4	27.9	60.2	97.0	3.7
1996	21 471	0.8	4.2	6.1	283 599	13 260	100.0	2.0	100.0	3.2	35.7	27.9	61.1	100.0	3.1
1997	21 683	1.0	4.6	6.7	293 289	13 592	107.4	7.4	100.0	2.6	35.3	27.8	62.1	100.9	0.9
1998	21 871	0.9	2.8	4.6	269 176	12 360	110.3	2.6	100.0	2.5	34.6	27.4	63.0	102.6	1.7
1999	22 034	0.7	3.4	5.4	290 544	13 235	118.8	7.7	100.0	2.6	33.2	26.6	64.3	102.8	0.2
2000	22 216	0.8	2.9	5.9	313 908	14 188	127.5	7.4	100.0	2.1	33.4	26.4	65.5	104.1	1.3

1. Real Growth rate of GDP.

Source: Industry of Free China, Dec. 2001.

Table 2. National economic trends

Year	GNP		Real GNP		GNP at Current Prices (USD Mn.)	Per capita GNP Amount (USD)
	Amount (NT\$)	Annual Rate of Change (%)	Amount (NT\$)	Annual Rate of Change (%)		
1993	6 028 074	10.41	6 470 609	6.59	228 578	10 964
1994	6 557 125	8.78	6 899 735	6.63	248 337	11 806
1995	7 110 891	8.45	7 332 453	6.27	269 125	12 686
1996	7 767 087	9.23	7 767 087	5.93	283 599	13 260
1997	8 396 516	8.10	8 257 972	6.32	293 289	13 592
1998	8 986 694	7.03	8 611 598	4.28	269 176	12 360
1999	9 375 841	4.33	9 112 981	5.82	290 544	13 235
2000	9 803 348	4.56	9 692 766	6.36	313 908	14 188

Source: *Monthly Bulletin of Statistics*, Nov. 2001.

Table 3. Labour market indicators

Year	Labour force participation rate			Employed		Unemployment rate		
	Total	Male	Female	% of civilian population (15 yrs plus)	% of labour force	Total	Male	Female
1978	58.76	77.96	39.13	57.78	98.33	1.67	1.57	1.86
1979	58.73	77.95	39.23	57.99	98.73	1.27	1.15	1.53
1980	58.26	77.11	39.25	57.55	98.77	1.23	1.10	1.47
1981	57.82	76.68	38.76	57.04	98.64	1.36	1.21	1.65
1982	57.93	76.47	39.30	56.69	97.86	2.14	2.08	2.25
1983	59.26	76.36	42.12	57.65	97.29	2.71	2.68	2.76
1984	59.72	76.11	43.30	58.26	97.55	2.45	2.44	2.46
1985	59.49	75.47	43.46	57.76	97.09	2.91	2.90	2.92
1986	60.37	75.15	45.51	58.76	97.34	2.66	2.75	2.53
1987	60.93	75.24	46.54	59.73	98.03	1.97	1.96	1.97
1988	60.21	74.83	45.56	59.19	98.31	1.69	1.70	1.68
1989	60.12	74.84	45.35	59.18	98.43	1.57	1.57	1.56
1990	59.24	73.96	44.50	58.25	98.33	1.67	1.68	1.64
1991	59.11	73.80	44.39	58.22	98.49	1.51	1.50	1.53
1992	59.34	73.78	44.83	58.44	98.49	1.51	1.47	1.57
1993	58.82	72.67	44.89	57.97	98.55	1.45	1.36	1.59
1994	58.96	72.44	45.40	58.04	98.44	1.56	1.51	1.65
1995	58.71	72.03	45.34	57.66	98.21	1.79	1.79	1.80
1996	58.44	71.13	45.76	56.92	97.40	2.60	2.72	2.42
1997	58.33	71.09	45.64	56.74	97.28	2.70	2.94	2.37
1998	58.04	70.58	45.60	56.48	97.31	2.69	2.93	2.33
1999	57.93	69.93	46.03	56.24	97.08	2.92	3.23	2.46
2000	57.68	69.42	46.02	55.95	97.01	2.99	3.36	2.44
Nov. 2001	57.18	68.45	46.01	54.64	95.56	4.44	4.99	3.62

Source: *Monthly Bulletin of Manpower Statistics*. Chinese Taipei Area, Nov. 2001.

Table 4. Employed persons by industry and occupation
(Unit: 1000 persons)

Year	Industry										Total
	Agriculture, forestry & fishing	Industry				Construction	Service				
		Total	Mining & quarrying	Manufacturing	Electricity, gas & water		Wholesale, retail & restaurant	Transport, storage & communication	Finance, insurance & real estate		
1993	1 005	3 417	19	2 483	36	879	4 323	1 806	463	277	
1994	976	3 506	18	2 485	36	967	4 457	1 875	473	290	
1995	954	3 503	15	2 449	36	1 003	4 586	1 919	469	311	
1996	918	3 399	14	2 422	35	928	4 751	1 976	472	334	
1997	878	3 503	13	2 570	35	885	4 795	1 995	465	351	
1998	822	3 523	12	2 611	35	865	4 945	2 047	477	385	
1999	776	3 492	11	2 603	35	843	5 116	2 130	476	406	
2000	740	3 534	11	2 655	36	832	5 218	2 163	481	412	
2000	714	3 551	11	2 683	36	821	5 284	2 197	487	416	
Sept. 2001	719	3 324	10	2 549	36	729	5 313	2 139	498	411	

Year	Occupation									
	Business services	Social, personal & related community services	Public administration	Legislators, government administrators, business executives & managers	Professionals	Technicians and associate professionals	Clerks	Service workers and shop and market sales workers	Agricultural, animal husbandry, forestry and fishing workers	Prod. related workers, plant and machine operators and labourers
1993	205	1 259	313	441	485	1 231	806	1 405	995	3 382
1994	214	1 288	317	436	479	1 296	839	1 438	965	3 486
1995	223	1 347	317	436	500	1 338	877	1 479	942	3 473
1996	233	1 412	324	429	542	1 376	922	1 530	906	3 362
1997	240	1 421	323	420	560	1 426	938	1 550	865	3 416
1998	260	1 461	315	425	578	1 498	955	1 597	810	3 426
1999	284	1 502	318	414	601	1 571	995	1 667	764	3 373
2000	313	1 534	315	412	610	1 591	1 027	1 712	726	3 413
2000	321	1 554	309	413	613	1 634	1 028	1 747	701	3 415
Sept. 2001	346	1 577	342	411	619	1 628	1 039	1 718	705	3 236

Source : *Monthly Bulletin of Statistics*, November 2001.

Table 5. Status of foreign workers in Chinese Taipei

(Unit: persons)

Effective date	Major policies	Requirements	Target No.
12 October 1991	First round (6 industries) 1. Construction 2. Textiles 3. Basic metal industries 4. Fabricated metal 5. Machinery & equipment 6. Electrical & electronic machinery & repairing	No limitation 15 000	
8 May 1992	Employment Service Act	Identify legal foreign workers Household maids Government major construction projects Crewmen Mental institutions employees Nurses High linkage industries or important export industries Duration of stay: up to 2 years. Employers pay stabilisation fee.	
17 August 1992	Household maids	1. Unit : family 2. Advertise on local newspapers for three days 3. Household maid is old enough and with training license 4. Both spouses work and have children under 12 years old, or live with their parents (70 yrs+), elderly person (70 yrs+) with no relatives, elderly person (70 yrs+) living with relatives	7 999 (increased to 8 000 on 12 January 1993)
20 August 1992	Helpers	Public or private mental institutions	No limitation

Table 5 (continued)

20 August 1992	Crewmen	1. Ships of more than 20 tons 2. Foreign crewmen's share less than 1/3 of the regular workforce 3. Advertise in local newspapers for three days	No limitation
26 September 1992	Second round (68 industries): important export industries high linkage industries 3D industries	1. Size of establishment at least 10 employees. 2. The share of foreign workers has to be 30% or less of total employees. 3. With request foreign workers file at industry association 4. Foreign workers not allowed to engage in administration or management 5. Advertise in local newspapers for three days	32 000
12 January 1993	Third round (73 industries): apart from the 68 industries, also includes Shipment Chemical products Umbrella industry Food processing industry Chemicals	1. Those who imported more than 50 foreign workers in the first round are not allowed to reapply for the second round 2. Firms with high layoff rates are not allowed to reapply	9 000
23 May 1993	Fourth round: Chinaware, etc., 6 industries	No quota on the number of foreign workers	No limitation
17 August 1993	Fifth round (73 industries): New plants or extended equipments firms	1. New plants: 30% of the workforce 2. Government major construction projects	No limitation
14 September 1994	Sixth round: Export Processing Zones, Science-Based Industrial Park, and 38 industries		1.5 000 2.10 000
8 October 1994	Major investment-manufacturing School, institutions, construction of hospitals Construction for Major investment projects	Major investment refers to investment for more than NT\$ 200 million Investment more than NT\$ 150 million	No limitation
1 May 1995	7 industries		4 825

Source: Monthly Labour Statistics, January 2001 Council of Labour Affairs, Executive Yuan, Chinese Taipei, P. R. O. C.

Table 6. Distribution of foreign workers, by industry
(Unit: persons, %)

Industry Sector	1992		1995		1997		1998		1999		2000	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1. Manufacturing	17 938	35.07	126 403	76.62	160 401	65.28	168 150	65.78	164 256	58.90	181 998	55.74
Food	287	0.56	3 366	2.04	4 402	1.79	4 368	1.71	4 305	1.54	4 683	1.43
Textiles	4 369	8.54	23 435	14.21	32 956	13.41	32 920	12.88	33 113	11.87	32 916	10.08
Apparel	635	1.24	3 331	2.02	3 577	1.46	3 754	1.47	3 023	1.08	3 214	0.98
Leather and fur products	158	0.31	2 639	1.60	2 663	1.08	2 571	1.01	2 189	0.78	1 948	0.61
Wood and bamboo products	961	1.88	2 024	1.23	2 233	0.91	1 983	0.78	1 724	0.62	1 659	0.50
Furniture and fixtures	452	0.88	226	0.14	209	0.09	251	0.10	211	0.08	305	0.09
Pulp and paper			3 587	2.17	3 824	1.56	3 731	1.46	3 490	1.25	3 855	1.18
Printing							121	0.05	205	0.07	226	0.07
Chemicals	51	0.10	1 289	0.78	1 401	0.57	1 538	0.60	1 497	0.54	1 986	0.61
Chemical products			1 572	0.95	2 170	0.88	2 007	0.79	1 722	0.62	1 729	0.53
Rubber products	30	0.06	4 678	2.84	4 463	1.82	4 955	1.94	4 763	1.71	4 805	1.47
Plastic products	2 184	4.27	11 566	7.01	11 211	4.56	11 344	4.44	10 582	3.79	11 511	3.53
Non-metallic minerals			8 042	4.87	9 688	3.94	8 581	3.36	7 460	2.68	6 972	2.14
Basic metal products	1 704	3.33	15 363	9.31	14 885	6.06	14 587	5.71	12 128	4.35	11 228	3.44
Metal products	3 520	6.88	14 758	8.95	18 994	7.73	18 747	7.33	17 304	6.20	18 234	5.58
Machinery and equipment	1 247	2.44	3 876	2.35	4 195	1.71	4 892	1.91	6 300	2.26	7 830	2.40
Electrical & Electronic machinery	1 492	2.92	21 230	12.87	35 825	14.58	41 907	16.40	42 105	15.10	53 029	16.24
Transportation	748	1.46	4 616	2.80	6 844	2.79	6 928	2.71	6 881	2.47	7 678	2.35
Precision instruments	14	0.03	536	0.32	624	0.25	831	0.33	704	0.25	986	0.30
Miscellaneous	86	0.17			237	0.10	2 134	0.83	4 550	1.63	7 203	2.21
Others			269	0.16								
2. Construction	33 217	64.93	38 570	23.38	48 786	19.86	41 673	16.30	51 894	18.61	37 001	11.33
3. Household maids and helpers in medical institutions	---	---	---	---	35 245	14.34	44 683	17.48	61 723	22.13	106 331	32.57
4. Crewmen	---	---	---	---	1 265	0.51	1 100	0.43	999	0.36	1 185	0.36
Total	51 155	100	164 973	100	245 697	100	255 606	100	278 872	100	326 515	100

Sources: Survey of Utilization and Administration of Foreign Workers in Chinese Taipei, Council of Labour Affairs, various years; Monthly Report of Salary and Productivity Statistics, DGBAS, Various years.

Table 7. Share of foreign workers, by industry
(Unit: %)

	1992	1995	1997	1998	1999
Manufacturing	4.48	6.00	6.70	7.00	6.80
Food	4.84	5.50	3.79	3.94	3.92
Textiles	7.72	13.20	21.33	21.38	21.47
Apparel	1.95	4.30	3.47	3.73	3.14
Leather	7.28	7.10	7.60	7.42	6.10
Lumber	1.70	5.10	7.42	6.95	6.07
Furniture	0.00	1.02	0.43	0.52	0.43
Paper	0.88	5.00	6.10	5.90	5.36
Printing	0.00	0.00	0.00	0.22	0.35
Chemical	0.10	2.90	2.14	2.31	1.99
Chemical products	0.06	2.00	3.50	3.24	2.61
Rubber products	4.27	10.00	10.37	11.51	11.30
Plastic products	0.00	4.60	6.31	6.42	5.86
Non-metallic minerals	3.33	10.80	10.36	9.63	8.64
Basic-metal products	6.88	6.60	13.65	13.42	11.39
Metal products	2.44	7.50	7.30	7.03	6.42
Machinery and equipment	2.92	5.90	2.50	2.86	3.67
Electrical & electronic machinery	1.46	4.00	6.71	7.65	7.60
Transportation equipment	0.03	5.10	4.78	4.83	4.92
Precision instruments	0.17	3.20	1.90	2.42	2.17
Miscellaneous	0.00	3.10	0.30	2.80	6.03

Sources: Yearbook of Labour Statistics, August 2001, Council of Labour Affairs; *Monthly Report of Salary and Productivity Statistics*, DGBAS, various years.

Table 8. Distribution of foreign workers, by admission categories
(Unit: persons, %)

Admission categories	1 995		July 1997		July 1998		July 1999		June 2000	
	No.	%	No.	%	No.	%	No.	%	No.	%
Major government construction projects	46 968	18.74	45 863	18.46	39 008	15.26	48 253	17.30	35 513	11.56
6 industries and 15 occupations	5 221	2.08	5 861	2.36	5 691	2.23	4 323	1.55	860	0.28
Helpers in private home or in institutions	16 472	6.57	20 980	8.45	32 816	12.84	52 213	18.72	79 766	25.97
Household maids	15 072	6.01	14 237	5.73	11 833	4.63	9 495	3.40	7 370	2.40
Crewmen	1 541	0.61	1 265	0.51	1 100	0.43	999	0.36	1 084	0.35
68 industries in manufacturing	19 243	7.68	14 227	5.73	16 285	6.37	15 178	5.44	10 245	3.34
73 industries in manufacturing	26 351	10.52	23 241	9.36	12 565	4.92	3 034	1.09	512	0.17
Ceramics 6 industries	24 467	9.76	23 446	9.44	15 775	6.17	5 334	1.91	584	0.19
New plants, or expanding production facilities	35 263	14.07	39 233	15.79	32 586	12.75	18 451	6.62	2 859	0.93
Export processing zones and science-based industrial park	4 312	1.72	4 010	1.61	4 283	1.68	1 015	0.36	930	0.30
3D Jobs	20 202	8.06	4 900	1.97	2 215	0.87	571	0.20	109	0.04
Major investment projects: in manufacturing	29 325	11.70	30 551	12.30	44 063	17.24	54 269	19.46	70 620	22.99
Major investment projects: in construction	1 650	0.66	1 505	0.61	1 493	0.58	2 642	0.95	2 813	0.92
7 industries in manufacturing industries	4 488	1.79	4 407	1.77	2 716	1.06	432	0.15	68	0.02
Replacement workers in manufacturing who have completed their employment term	-	-	12 102	4.87	33 177	12.98	62 663	22.47	93 842	30.55
Total	250 575	100	248 396	100	255 606	100	278 872	100	307 175	100

Sources: Survey of Utilization and Administration of Foreign Workers in Chinese Taipei, Council of Labour Affairs, Various years; Monthly Report of Salary and Productivity Statistics, DGBAS, Various years.

Table 9. Income gaps between foreign workers and nationals
(Unit: persons, %)

	1993		1994		1995		1996		1997		1998		1999	
	FW	% of NW wage.	FW	% of NW wages	FW	% of NW wages	FW	% of NW wages	FW	% of NW wages	FW	% of NW wages	FW	% of NW wages
Total	17 603	84.83	18 211	86.21	19 530	88.80	20 080	93.50	20 892	96.00	21 193	95.70	20 919	95.3
Manufacturing	17 525	88.22	18 186	89.27	19 529	90.70	20 102	94.20	20 963	96.90	21 006	96.00	21 006	95.0
Construction	19 565	75.50	18 305	70.14	19 533	75.00	19 954	81.70	20 662	80.80	21 909	89.60	20 645	76.9
Regular wage														
Total	14 100	75.50	14 737	78.40	15 487	80.12	15 540	81.50	16 059	84.00	16 352	83.10	16 507	85.1
Manufacturing	14 079	80.70	14 587	82.10	15 410	83.30	15 562	83.80	16 167	86.90	16 406	84.60	16 542	87.4
Construction	14 268	58.80	15 291	61.90	15 736	63.90	15 415	66.50	15 710	65.00	16 149	69.00	16 395	65.0

Notes:

1. FW refers to foreign workers; NW refers to native workers.

2. Native workers wages are for those with less than 2 years experience working in the same company; they are not the wages of those who work side by side with foreign workers.

Source: *Survey of Utilisation and Administration of Foreign Workers in Chinese Taipei*, Council of Labour Affairs, January 2000.

Table 10. Average working hours for foreign workers

	1993		1994		1995		1996		1997		1998		1999	
	Hr	Rt.	Hr	Rt.	Hr	Rt.	Hr	Rt.	Hr	Rt.	Hr	Rt.	Hr	Rt.
Manufacturing	239.2	1.13	241.9	1.13	246.6	1.14	243.1	1.15	244.8	1.18	239.77	1.19	241.02	1.16
Construction	242.2	1.22	239.4	1.17	245.0	1.21	248.8	1.23	257.3	1.29	263.20	1.36	261.43	1.36
Regular working hours														
Manufacturing	201.1	1.02	209.4	1.05	209.9	1.04	208.2	1.06	204.1	1.06	204.22	1.08	203.44	1.07
Construction	201.7	1.05	209.2	1.07	210.2	1.08	206.4	1.06	208.3	1.10	209.06	1.13	218.55	1.18
Overtime working Hours														
Manufacturing	38.2	2.67	32.5	2.16	36.71	2.55	34.92	2.33	40.66	2.61	35.55	2.47	37.58	2.26
Construction	40.5	7.63	30.3	3.49	34.76	4.46	42.32	4.76	49.05	5.27	54.14	7.32	42.88	4.82

Notes:1. Hr = working hours.

2. Rt = Average working hours for foreign workers.

Source: Survey of Utilization and Management of Foreign Workers in Chinese Taipei, Council of Labour Affairs, January 2000.

INDONESIA
by
Tara Bakti Soeprbo
Demographic Institute, University of Indonesia

Introduction

Since 2000 Indonesia has seen positive growth following the economic crisis of 1997. Prior estimation shows that Indonesia reached 3.5% of real GDP growth in 2001.¹ However, this positive economic growth was accompanied by high inflation that was estimated to be as much as 7.7% for the period January to July 2001.² This was mainly caused by the rise in oil and gas prices in the first quarter of 2001 in order for the government to be able to reduce the subsidy.

Domestic economy and the labour market

Economic growth in 2001 was reached by several government policies. The government brought about tight fiscal policy by lowering the budget deficit from 54 trillion rupiahs to around 34 trillion rupiahs.³ To generate revenue, the government also extensively increased tax revenues on other taxable objects. To create employment, the government has driven investment through domestic investment and foreign direct investment. Because of the crisis also faced by financial and banking institutions the Indonesian economy could not rely upon domestic investment. Moreover, during 2001, foreign direct investment decreased by 50% compared to the previous year.⁴ This might have been caused by unstable political and security conditions.

One other tool of driving higher economic growth used by the government is by driving the export. Compared to the previous year, Indonesia has experienced a 10% decrease in the value of exports in 2001⁵ while Indonesian export prices were lower because of the low exchange rate around 10.000 rupiahs per US dollar during 2001.⁶ This has not however been successful in driving higher demand on exports. This situation has meant that the Indonesian economy must depend upon its domestic consumption.⁷ However, the increase in consumption in 2001 consists of higher demands on basic needs. It means lower demand on goods other than basic goods. This situation mainly brought

¹ Preliminary estimation from the Coordination Minister of Economy and Industry, Dorodjatun Kuntjoro Jakti in *Kompas*, January 2002.

² As cited from Central Bureau of Statistics (CBS) statement in *Kompas*, August 2001.

³ *Kontan*, 13th edition, December 2001. Data from Bank of Indonesia (www.bi.go.id) shows that the growth of CPI until November 2001 is 11%.

⁴ *Ibid.*

⁵ *Ibid.*

⁶ Based on Bank of Indonesia data (www.bi.go.id).

⁷ *Loc. cit.*, *Kontan*.

lower demand on the products of the manufacturing industry and it has induced lower demand for labour in that sector.⁸

The effect on labour demand has resulted in a reduction in employment. In the middle of 2001⁹ the number of unemployed reached around 40 million. This situation has persisted since the beginning of the economic crisis in 1997. Unemployment rates were higher in 1998-2000, at between 5-6% per year, compared to rates before the crisis as can be seen in Table 2.2. However, the Indonesian economy can survive because of the presence of informal sectors. Around 1.7 million informal industries can exist in this crisis.¹⁰ Furthermore, we can see from Table 2.2 that there is an increase in the percentage of employment in the agricultural sector (from 41% in 1997 to 45% in 2000) and a decrease in the percentage of employment in manufacturing industry (from 19% to 17% in 2000). It indicates a shift in the labour market after 1997, which may have been the result of those who were laid-off in the manufacturing industry finding employment in the agricultural sector.

Recent trends in international migration

Economic conditions in Indonesia have affected the labour market since the crisis. As previously shown, there is an indication of a shift in employment trends, from the formal to the informal sectors as well as from manufacturing to the agricultural sector. However, the unemployed were not able to be fully absorbed into the domestic labour market during the crisis due to decline in investment. This condition has led to emigration to many countries. The number of Indonesian workers working abroad reached 1.6 million from 1995 to 2000 (stock).¹¹ Sixty percent of whom are working in the informal sectors, and 40% in the formal sector. The number of Indonesian workers sent abroad yearly (flow) since 1997 and their ratio of male/female, can be seen in Table 3.1.

We can see from this table that the country attracting the highest number of Indonesians every year in search of work is Malaysia, followed by Singapore. East Asian countries are also becoming increasingly attractive as is illustrated by the flow of Indonesian workers to Hong Kong and Taiwan which has increased to around 50% since 1999 compared to previous years. The major receiving country remains Saudi Arabia, with the highest number of Indonesia workers from year to year. However, the percentage of female workers entering into the foreign labour market tends to increase from year to year.

The benefit of sending Indonesian workers abroad can be seen from the remittances sent back to Indonesia which can be calculated in foreign exchange credited to the Indonesian economy. The amount of remittances has reached 5 billion US dollars in the past five years.¹² On average, the remittances of Indonesian workers represents a tenth of the revenue for their region. The amount of remittances sent can be seen in Table 3.2.

⁸ *Ibid.*

⁹ *Kompas*, August 2001. This number is overstated as it includes all the number of layoffs. The number of unemployed persons in Table 2.2 around 5 to 6 million persons are based on surveys that the respondents were asked whether they searched for jobs or not as indicator in counting the number of unemployment. The layoffs do not necessarily search for jobs.

¹⁰ *Loc. cit.*, *Kontan*.

¹¹ As cited from Ministry of Manpower and Transmigration, *Penempatan TKI ke Luar Negeri: Masalah dan Pemecahan (Upaya Pembenahan Sejak Juni 1998)* [The Placement of Indonesian Workers Abroad: Problems and Solutions], Jakarta: March 2000.

¹² *Ibid.*

At micro level, family and relatives can use remittances to improve their social and economic conditions. Most of the remittances were used by workers' families and relatives to build houses and sometimes represented the main source of funding in their households.¹³ Furthermore, most migrants return to Indonesia with greater skills levels gained from their relevant field of work,¹⁴ which can be used to increase the marginal productivity of those returning

However, there is a negative side to sending Indonesians working abroad. By 2000, around 700 Indonesian workers had sought protection from Indonesian consulates abroad.¹⁵ Between 1995-2000, according to NGO¹⁶ records, around 100 of those working abroad had experienced deception, violence, sexual abuse and even death. Some Indonesians that intended to work abroad were deceived by employment agencies before their departure. This could be due to inadequate placement services provided by Indonesian government and working agencies. Moreover, it is well known that workers sent from Indonesia are have low quality in terms of human capital, most being employed as housekeepers.¹⁷

If we compare Indonesian and foreign workers, we may conclude that most foreign workers have a higher educational attainment. In Table 3.3 we can see that most foreign workers are in professional occupations. These foreign workers mostly originate from Asian countries, mainly from Japan and The Republic of Korea (see Table 3.4). This may indicate that the inflow of foreign direct investment (FDI) from those countries were followed by the inflow of their workers. The Ministry of Manpower and Transmigration has been successful in collecting 100 US dollars per worker as a non-taxed government revenue.¹⁸

Since the year 2000, we can see in Table 3.4 that the number of foreign workers entering the country has declined from around 20.000 workers in 1999 to around 15.000 workers between 2000 and 2001. This may be explained by poor economic conditions that allows for little employment of foreigners as well as Indonesians. Another possible explanation is that since the implementation of a policy on regional autonomy, local authorities have been reluctant to divulge the number of working permits issued.¹⁹ However, if we observe the number of visas issued in Table 3.5, we find that the number of temporary and permanent residents visas has declined sharply since 1999 and as is widely known, Indonesia has faced rioting in several regions brought about by the unstable economic and political situation. This may lead to lower number of foreigners entering Indonesia, as they fear of their safety.

As we may trace the number of migrant flows from this data issued by the Directorate of Immigration, the number of Indonesians exited from and returned to Indonesia cannot explain the

¹³ Ministry of Manpower, *Studi Kebijakan Perluasan Kesempatan Kerja Bagi Tenaga Kerja Indonesia Purna Tugas* [Policy Study of Employment Creation for Returned Indonesian Workers], Jakarta: March 1998, pp. 70.

¹⁴ Demographic Institute, "Migrasi Internasional Tenaga Kerja dari Indonesia: Sebelum Pemberangkatan, Selama di Luar Negeri, dan Setelah Kembali" [International Labour Migration from Indonesia: Pre Departure, While Working Overseas, and Upon Return], unpublished paper.

¹⁵ *Op. cit.*, Ministry of Manpower and Transmigration (March 2000).

¹⁶ *Loc. cit.*, Demographic Institute.

¹⁷ Around 50% of the workers in 1998-1999 were working in social services sector, which is referred to housekeepers. (Ministry of Manpower and Transmigration, 1999).

¹⁸ *Kompas*, Senin, 12 November 2001.

¹⁹ This condition was explained by the authority in Ministry of Manpower and Transmigration. The similar situation also occurred regarding Indonesian workers sent abroad.

number of emigrants. There are no details of the reasons for leaving Indonesia and the duration spent abroad. We can only recognise the relatively stable numbers of Indonesians both leaving and returning.

When observing the issue of international migration, consideration should be given to the number of illegal migrants entering and exiting Indonesia. However, there is no specific yearly data stating the number of illegal migrants. The Malaysian government deported 1,700 illegal immigrants who came from Indonesia on December 2001.²⁰ Furthermore, they have stated that there were around 450 000 illegal immigrants who came from Indonesia and that they have been deporting 10 000 every month since the year of 2002.²¹ This indicates that many Indonesians are living abroad illegally, especially in neighbouring countries.

Since 2001 the Indonesian Police Department has dealt with 1,996 illegal immigrants. As many as 1,594 were managed by the UNHCR (United Nations High Commission for Refugees), and the rest (402) were deported by local immigration services.²² In East Java, 294 refugees stayed in several locations such as Surabaya (132), Situbondo (55), Gresik (41), South Surabaya (35), and Madura (31), until November 2001.²³ As many as 75 were handled by the International Organisation for Immigration (IOM). There were 55 illegal immigrants who came to Situbondo from Afganishtan and who were handled by the IOM. On November 22, 63 illegal immigrants from Pakistan, Iraq, Iran, and several Middle East countries came to East Java.

The most recent issue concerning illegal immigrants is the presence of refugees from Afghanistan, since the Talibans have been in rule.²⁴ Many Afghanis escaped via Pakistan and intended to enter Australia. This usually meant transiting Malaysia, as this country has free short visit visas for citizens of Middle Eastern countries. Later they came to Batam by boat through the Indonesian sea and some were seized by the local immigration service. In April of 2001 around 50 immigrants from Afghanistan came to Jakarta, were arrested and then deported to Malaysia.

There are many parts of Indonesian where illegal immigrants can easily enter. Based on UNHCR data, around 1,559 immigrants from the Middle East have stayed in many locations. Most illegal immigrants in Indonesia from middle eastern countries are looking for asylum protection and the Indonesian government cannot easily deport these people as they are protected by international convention. This situation has been a burden on the Indonesian government, although the provision of their basic needs are supported by the IOM (International Organisation of Migrants).

Economic outlook and policies regarding international migration

The Indonesian economy is predicted to recover by the year of 2002. This will be driven by a recovery of world economy this year which is predicted to benefit the Indonesian economy after the second quarter. This will be brought about by the policy of the USA and Japan governments, of cutting interest rates 2% and 0.5% per annum respectively, in order to drive domestic consumption.²⁵

²⁰ *Kompas*, December 4, 2001.

²¹ *Kompas*, January 26, 2002.

²² *Kompas*, November 6, 2001.

²³ *Kompas*, November 24, 2001

²⁴ *Kompas*, January 21, 2002.

²⁵ *Loc. cit.*, *Kontan*.

Consequently, this policy will lead to higher demand for Indonesian exports and will drive the inflow of capital into Indonesia. It is expected that more of FDI will also enter Indonesia. Helped by government policy to increase domestic consumption and to reform taxation and tariffs, it is predicted that Indonesian economic growth will reach around 4% this year.

This economic growth is expected to open up employment for Indonesians and this 'Job Creation' policy focuses on driving domestic, as well as foreign direct investment. Driving labour export is also of government interest as unemployed Indonesians finding jobs abroad then send money back to Indonesia. Both alternatives of creating employment for Indonesians will lead to a higher number of inflow and outflow of international migrants in the future. Furthermore, legislation that will drive international migration will accompany this economic policy.

For example, there will be better bargaining position of Indonesian workers in face of their potential employers in the receiving countries. A new 'on-line' computerised system has been arranged between several inter-related institutions (working agencies, banks, ministry of manpower, and immigration services) which will raise the recruitment fee for Indonesian workers from around 600 to 700 USD.²⁶ This system requires that working agencies make a deposit of as much as 200 US dollars per worker. Employment agencies will still have an obligation to pay USD 11 per worker for protection. This regulation will lead to better guaranteed working conditions for Indonesian workers.

In addition, the Ministry of Manpower and Transmigration, in co-ordination with several ministries and institutions have made new programs for the placement of Indonesian workers. These focus on the quality of workers, professional attitude of the management amongst agencies, protection for workers and co-ordination in areas of monitoring, controlling, and action.²⁷ In spite of the attractiveness of higher wages received by Indonesian workers abroad, this condition will tend to lead to higher number of workers outflow.

For foreign workers, the regulation for including foreign workers PT. Jamsostek will apply a social security program that previously repealed the government corporation that deals with social security management. This will benefit foreign workers for they will have security and will also benefit Indonesian workers, as there will be a greater flow of funds for the social security program. Furthermore, it will be of benefit to the Indonesian economy since many consumers abroad have refused to buy Indonesian products as their governments required that there were guarantees of a social security program for the workers who produce these products. Better social security will tend to increase the number of foreign workers into Indonesia in the future.

For immigrants as a whole, the authority that is responsible for policymaking is the Ministry of Justice, under the Directorate General of Immigration. There are recent issues on immigration that are being considered by the Directorate General of Immigration and the Ministry of Justice – these are the global issues, such as the presence of networks of organised international terrorists, economic aspects, gender issues and human rights. In considering the economic aspect, the procedure of acquiring permanent residents permits needs to be revised in order to stimulate direct foreign investment in Indonesia.²⁸ Concerning gender and human rights issues - these represent the possibility of Indonesian citizenship status for foreign husbands of Indonesian wives and the possibility of dual citizenship in a limited period for Indonesians living abroad.

²⁶ *Kompas*, November 25, 2001.

²⁷ *Op. cit.*, Ministry of Manpower and Transmigration (March 2000).

²⁸ *Loc cit*, *Kompas*, January 26, 2002.

There are several legal aspects that will be revised such as the revision of short-term visit visas and the revision of complicated procedures in granting visas to the elderly. The Directorate of Immigration has also planned additional consulates and immigration offices abroad and throughout Indonesia in order to extend and improve immigration services for Indonesians.

However, implementation of regional autonomy can reduce the ability of monitoring and controlling the increase in the number of international migrants. As experienced by the Ministry of Manpower and Transmigration, there has been a reluctance on the part of each local authority to report information on workers since the year of 2000. Consequently, the recorded numbers of outflow and inflow will be understated in spite of the tendency of higher international migration flows, driven by these migration-related policies. Furthermore, there is large number of illegal migrants that are unrecorded.

It is planned to provide places to handle illegal immigrants in co-ordination with local authorities in Lumping, NTT, NTB, and East Java, where they can be effectively managed and sent to IOM/UNHCR or deported back to their home country.²⁹

²⁹ *Loc. cit.*, *Kompas*, November 24, 2001.

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Table 2.1. **Main economic indicators in Indonesia, 1997-2000**

	1996	1997	1998	1999	2000
Real GDP Growth	7.98	4.70	-13.13	0.85	4.77
Real GNP Growth	8.08	4.10	-16.61	2.58	4.38
Real per capita GDP (US\$)	883.6	475.8	236.3	266.9	205.1
Real per capita GDP growth (%)	6.31	3.29	-14.30	0.07	3.16
Domestic demand growth (%)*	7.36	6.77	-2.14	-12.70	10.76
-as proportion to GDP (%)	121.40	109.98	70.68	53.13	50.61
Export growth (%)*	7.56	7.80	11.18	-31.61	16.06
-as proportion of GDP (%)	25.82	27.86	52.97	35.19	38.55
Current balance (million US\$)	-7,801	-5,001	4,097	5,781	1,897
-as proportion of GDP (%)	3.49	3.70	3.44	3.70	1.40
Gross Domestic Fixed Capital Formation (million US\$)	66,157.2	38,212.1	30,285.8	33,848.2	32,939.7
-as proportion of GDP	29.60	28.31	25.43	21.65	24.32
Consumer Price Index (1990=100)	185.9	198.3	168.3	202.6	210.3
Inflation Rate (%) (1996=100)	6.47	11.05	77.63	2.01	9.35
Exchange Rate (year average of US\$/Rp)	2,383	4,650	8,025	7,100	9,530
Approved Foreign Direct Investment by sector (million US\$)					
Agriculture	1,521.6	463.7	998.2	491.2	152.2
Mining and quarrying	1,696.8	1.6	0.3	14.1	2.2
Manufacturing	16,075.0	23,017.3	8,388.2	6,929.2	5,179.6
Electricity, gas, and water supply	3,808.5	1,839.9	1,795.4	2,310.0	0.4
Construction	296.8	306.8	197.8	153.4	87.8
Trade, restaurants, and hotels	1,761.7	472.0	672.9	507.7	222.0
Transport, storage, and communication	694.6	5,900.0	79.0	102.7	138.1
Finance, insurance, estates, and business services	3,000.2	1,397.6	1,270.9	179.4	104.6
Electrical, trading, and other services	1,076.2	433.6	160.4	202.9	200.1
Total	29,931.4	33,832.5	13,563.1	10,890.6	6,087.0
Approved Domestic Investment by sector (billion rupiahs)					
Agriculture	16,071.4	14,807.7	5,315.1	2,408.3	3,559.4
Mining and quarrying	460.1	126.3	116.3	174.0	34.1
Manufacturing	59,217.7	79,334.3	44,908.0	46,745.5	11,516.8
Electricity, gas, and water supply	3,485.5	11,151.2	138.4	117.9	100.0
Construction	1,550.0	877.0	1,992.0	395.1	449.1
Trade, restaurants, and hotels	5,151.2	2,632.8	1,231.8	1,670.9	170.8
Transport, storage, and communication	3,065.0	4,649.4	3,260.5	225.3	629.5
Finance, insurance, estates, and business services	9,425.7	4,300.5	1,547.5	995.5	292.6
Electrical, trading, and other services	2,288.6	1,993.7	2,239.7	817.5	744.2
Total	100,715.2	119,872.9	60,749.3	53,550.0	17,496.5

*Note: Calculated as a percentage change compared to previous year.

Source: Central Bureau of Statistics, Statistical Yearbook of Indonesia, various years.

Table 2.2. Population and labour

	1996	1997	1998	1999	2000
Population (million)	198.32	201.35	204.39	206.52	*203.46
Labour force (million)	90.11	91.32	92.73	94.85	95.65
Employment (million)	85.70	87.05	87.67	88.82	89.84
Unemployment (million)	4.41	4.28	5.06	6.03	5.81
Unemployment rate (%)	4.89	4.68	5.46	6.36	6.08
Employment by industry					
Agriculture (% of total)	44.01	41.18	44.96	43.21	45.28
Industry(%of total)	18.09	19.01	16.29	17.84	17.43
Services(% of total)	37.89	39.81	38.76	38.95	37.29

*Note: Based on 2000 PopulationCensus.³⁰

Source: Central Bureau of Statistics, Statistical Yearbook of Indonesia, various years.

Table 3.1. Number and sex ratios* (SR) of Indonesian workers sent abroad, 1997-2001

	1997		1998		1999		2000*		2001*	
	Total	SR	Total	SR	Total	SR	Total	SR	Total	SR
ASIA PACIFIC										
Australia	42	0,00	55	0,00	72	0,00	0	0,00	0	0,00
Brunei Darussalam	2.567	72,09	5.349	76,74	6.477	74,99	4.370	74,65	5.773	72,60
Hong Kong	4.747	98,76	15.969	99,54	12.762	99,67	21.709	99,97	23.929	99,99
Japan	3.454	0,82	3.256	1,14	3.388	1,03	3.411	1,52	1.543	0,45
The Rep. of Korea	8.708	17,35	7.230	18,65	11.078	16,25	6.689	17,37	3.391	17,02
Malaysia	107.625	51,09	108.775	63,70	169.177	52,64	191.700	44,36	110.490	59,94
Philippines	2	0,00	14	0,00	49	0,00	1	0,00	0	0,00
People Rep. of China	46	0,00	267	0,00	315	0,32	36	0,00	0	0,00
Singapore	34.424	85,92	39.656	89,64	34.829	90,80	25.707	89,41	34.295	90,09
Taiwan	9.582	29,96	15.509	58,26	29.372	80,18	50.508	89,33	38.119	93,66
Thailand	36	2,08	51	0,49	41	0,00	13	7,69	6	0,00
Vietnam	1	0,00	7	0,00	0	0,00	6	0,00	0	0,00
Others	92	0,27	208	0,00	208	0,00	36	2,78	9	0,00
Total	171.325	55,75	196.344	68,89	267.768	61,11	304.186	58,95	217.555	74,25
AMERICAS										
USA	1.031	0,15	2.191	0,06	3.300	0,45	1.302	0,08	138	2,17
Others	131	0,00	303	0,00	219	0,00	207	0,00	90	0,00
Total	1.162	0,13	2.493	0,05	3.519	0,43	1.509	0,07	228	1,32
EUROPE										
Total	653	2,45	1.114	1,68	1.696	3,36	359	10,58	29	17,24
MIDDLE EAST & AFRICA										
Arab Emirates	8.986	98,40	15.061	97,95	17.584	97,80	9.558	98,09	11.027	97,57
Saudi Arabia	123.258	92,91	151.288	91,99	131.157	88,97	114.067	90,58	103.235	90,49
Others	391	73,19	1.225	53,62	5.895	88,18	5.540	94,08	6.918	97,02
Total	132.635	93,23	167.574	92,24	154.636	89,94	129.165	91,28	121.180	91,51
TOTAL	305.774	71,68	367.526	78,87	427.619	70,81	435.219	68,30	338.992	80,36

*Note: The sex ratio is calculated as the percentage of female workers.

Source: Unpublished data from Ministry of Manpower and Transmigration, processed data.

³⁰

The number of Indonesian population in the year 2000 is based on preliminary result of 2000 Population Census (www.bps.go.id). It has lower number because the number of population in previous years are from CBS population projection based on 1995 Intercensal Population Survey.

**Table 3.2. Remittances sent by Indonesian workers,
1995-2001 (in million US \$)**

	1995-1999*	1999	2000	2001 ³¹
ASIA PASIFIC				
Australia	n.a	0.6	0.4	n.a
Brunei Darussalam	n.a	31.9	17.7	n.a
Hongkong	n.a	94.5	157.4	10.5
Japan	n.a	31.8	34.3	n.a
The Rep. Of Korea	n.a	44.5	51.2	n.a
Malaysia	n.a	298.7	325.2	7.8
Philippines	n.a	0.1	0.3	n.a
People Rep. of China	n.a	2.2	1.9	n.a
Singapore	n.a	133.3	85.7	2.5
Taiwan	n.a	97.1	208.2	266.9
Thailand	n.a	0.4	0.3	n.a
Vietnam	n.a	0.0	0.0	n.a
Others	n.a	1.8	1.3	n.a
Total	1,987.5	737.1	883.9	287.7
AMERICA				
USA	n.a	20.3	20.9	0.1
Others	n.a	2.2	2.1	n.a
Total	80.8	22.5	23.0	0.1
EUROPE				
Total	35.0	10.6	9.8	0.1
MIDDLE EAST & AFRICA				
Arab Emirates	n.a	22.4	18.2	3.3
Saudi Arabia	n.a	492.4	356.8	29.8
Others	n.a	10.5	21.0	1.0
Total	1,541.1	525.3	396.0	34.2
Grand Total	3,644.4	1,295.4	1,295.4	322.1

*Note: The values of remittances are calculated in fiscal year period.

Source: Unpublished data from Ministry of Manpower and Transmigration.

³¹ The value of remittances in 2001 were calculated based on number of Indonesian workers sent abroad up to October, 2001, which is around 135.000 workers.

Table 3.3. Percentage of work permits issued for foreign workers by sector and type of occupation, 1997-2001

	1997	1998	1999	2000*	2001*
By Sector (%)					
Agriculture	7.92	6.96	7.57	8.29	3.87
Mining & quarrying	19.89	27.92	26.81	19.45	17.44
Manufacturing	12.19	10.81	11.30	13.86	20.86
Electricity, gas, and water supply	2.16	2.06	0.89	0.66	0.48
Construction	18.11	16.05	13.11	10.56	8.32
Trade	15.63	16.15	18.21	21.87	20.78
Transportation	3.30	2.87	2.45	3.12	3.46
Finance and Insurance	3.13	3.21	3.52	3.57	3.63
Other Services	17.67	13.97	16.14	18.63	21.14
By Type of Occupation					
Manager	10.81	10.98	16.75	24.97	42.72
Professional	59.38	73.00	74.92	69.68	53.13
Supervisor	19.65	13.00	6.11	3.59	2.95
Technician/Operator	1.87	0.74	0.34	0.17	0.14
Others	8.29	2.28	1.88	1.58	1.05

*Note: Since year 2000 the number of working permits issued is understated.

Source: Unpublished data from Ministry of Manpower and Transmigration.

Table 3.4. Number of foreign workers inflow to Indonesia by countries of origin, 1997-2000

	1997	1998	1999	2000*	2001*
Asia Pacific					
Australia	2,261	2,509	2,376	1,463	1,590
Hongkong	93	79	69	76	70
Japan	3,337	3,358	2,764	2,082	2,705
The Rep. Of Korea	1,737	1,727	1,728	1,449	1,499
People Republic of China	645	666	549	595	816
Malaysia	772	1,009	723	574	651
Philippines	1,425	1,216	920	633	659
Singapore	616	552	478	302	391
Taiwan	785	1,010	1,104	794	724
Thailand	1,214	378	314	133	206
Others	1,550	1,761	1,679	1,325	1,552
Total	14,435	14,265	12,704	9,426	10,863
America					
USA	2,686	3,084	2,649	1,563	1,620
Others	842	1,152	1,116	713	611
Total	3,528	4,236	3,765	2,276	2,231
Europe					
Total	4,234	5,278	4,483	2,855	3,404
Africa					
Total	51	88	78	42	59
Others	2,620	492	277	264	279
Grand Total	24,868	24,359	21,307	14,863	16,836

Source: Unpublished data from Ministry of Manpower and Transmigration.

Table 3.5. Number of foreigners arriving in and departing from Indonesia (by visa types), 1997-2001

		1997	1998	1999	2000	2001
Short Visit	Arriving	3,841,516	3,617,661	3,925,862	2,812,115	797,592
	Departing	2,468,577	3,277,658	3,581,068	2,263,330	3,397,162
Temporary Resident	Arriving	264,896	295,799	222,471	128,096	122,090
	Departing	344,174	276,394	220,309	118,264	102,494
Permanent Resident	Arriving	31,487	179,854	79,618	122,139	44,397
	Departing	37,655	171,320	91,825	113,134	55,031

Source: Unpublished data from Directorate of Immigration

Table 3.6. Number of Indonesians exiting from and returning to Indonesia, 1994-2001

	1997	1998	1999	2000	2001
Returning	2,747,996	2,018,715	1,390,525	2,023,639	1,576,958
Departing	2,047,996	1,894,796	1,509,159	2,102,896	1,669,551

Source: Unpublished data from Directorate of Immigration.

CHANGES IN LABOUR MARKET AND INTERNATIONAL MIGRATION UNDER RAPID ECONOMIC ADJUSTMENT IN JAPAN

by

Yasushi Iguchi

Kwansei Gakuin University

Introduction – Economic adjustment in East Asia

Since the last quarter of 2000, the IT sector in East Asia, which helped bring about the recovery from the 1997 financial crisis and encouraged international migration, now seems to be undergoing a recession, worsened by the effects of the September 11, 2001 terrorist attack against the United States. Asian economies that had benefited from the boom of the IT-related industries, especially Korea, Taiwan (China), Singapore and Malaysia, were faced with sharp downward trends.

In the course of this severe economic adjustment within the East Asian region, the sustained high growth of the Chinese economy is outstanding. The inflow of foreign direct investment into China has been relatively maintained with the growing expectation of the opening-up of the Chinese economy after the entry of China into the WTO in November, 2001. The intra-regional competition of industrial location has intensified, especially between ASEAN and China.

In contrast to such development in China, the Japanese economy is facing pressures for rapid adjustment, not only in the financial sector, but also in the manufacturing sector. The de-localisation of manufacturing factories from Japan to neighbouring countries, especially to China, accelerated extraordinarily in 2001, which increased the risks of the “deflationary spiral”, as domestic prices continuously fell, domestic production declined, employment diminished and income decreased. The unemployment rate soared to 5.5% in November, 2001.

Under such circumstances, the phenomena of international migration is increasing within East Asia. Intra-regional as well as inter-regional movement of the highly skilled is gaining importance, while the level of unskilled migrants fluctuate according to each country’s economic situation.

This paper explores the recent economic and labour market adjustments in East Asia as well as their effects on international migration, together with globalisation and its effects in East Asia constitute the other important topic of this paper.

Recent developments in the economy and labour market

Recession and quick economic adjustment in East Asia

The export of IT-related goods and services, which had cushioned the decline in intra-regional trade after the East-Asia financial crises, has been affected by the US economic slowdown.

According to estimates published by the Asian Development Bank and taking into account the effects of terrorist attacks in the US, the growth of East Asian developing economies will experience a

substantial decline. In 2001, the growth in South-east Asia was expected to be 2.4% (formerly estimated as 4%), especially in crisis-affected countries such as Korea, Malaysia, the Philippines and Thailand, where it may show a slight decline from 2.8% to 2.6%, whilst in China, growth will remain unchanged at 7.3% . In 2002, the growth in Southeast Asia will recover to as high as 3.3% (formerly estimated as 4.8%). In crisis-affected countries it may reach 3.4 % (formerly estimated as 5.1%) and in China, may decrease from 7.5% to 7.0% (ADB, 2001).

The prolonged low growth of East Asian economies may partly be attributed to the sluggish growth of the Japanese economy, as Japan still represents as much as 60% of the GDP in East Asia. Irrespective of the worsening economic outlook, economic adjustment within East Asia has accelerated thanks to the growing foreign direct investment in 2000 and 2001. Especially noteworthy has been the inflow of American and European capital into East Asia for the purpose of M&A under the devaluation of Asian currencies.

In addition, Japanese direct investment has accelerated in the last two years, not only in strengthening production sites in Asia, but also to reorganise the production network and undertake M&A in East Asia (JETRO, 2001).

The enormous inflow of foreign direct investment is based on the assumption that more trade liberalisation measures will take effect in the East Asian region in the near future. In ASEAN, the tariffs of trade for manufactured goods within the ASEAN Free Trade Agreement should be lowered to under 5% for the seven ASEAN Member countries by the end of 2002 (ASEAN Centre, 2000; Iguchi, 2001b). The joining of China as well as Chinese Taipei (Taiwan) has also been acknowledged by the General Assembly of the World Trade Organisation in Dubai on 12 November, 2001. This may lead, not only to the opening of the Chinese Market with its great potential, but also to problems in an effort to compete with Chinese products worldwide (JETRO, 2001).

Admittedly, China has structural issues with state-owned enterprise, public finances and banking systems, but it has been less affected by the Asian monetary crisis. In carrying out such difficult reforms, the Chinese government has adopted an expansive fiscal policy to prevent the economic growth from increasing together with strategies to attract inward foreign investment in accordance with the joining in the WTO.

Recently, several consultations have been undergone among East Asian countries to establish bilateral or multilateral free trade agreements in the future. The most recent agreement was that between Japan and Singapore signed in October, 2001 on Trade and Investment.

In 2000 in the area of labour market development, the recovery of economic growth mainly through the expansion of the IT-related industry has improved the employment situation in some countries, except in the Philippines (ADB, 2001). This phenomenon has contributed to a rapid growth in international migration within East Asia, especially in Korea and Malaysia (ADB, 2001; Iguchi, 2001a).

The downturn of economic activity, following the decline in export and production in late 2000 has negative effects on employment in this region. International migration in East Asia will be affected by such movements in future.

Growing risks of deflation and high unemployment in Japan

At the beginning of 2000, the Japanese economic growth turned from negative to positive thanks to the measures taken to stabilise financial institutions and the enormous stimulus package of “Emergency economic measures” followed by an increase in export and production in IT-related sectors.

This increase in IT-related production led to an improvement in corporate profits as well as investment and consequently, to a rise in wages. After an eleven months decrease in employment, growth turned positive in October, 2000, which contributed to a maintained improvement of the average household income.

However, employment growth eventually halted in May, 2001 and the reduction of employment in comparison with the previous year gradually expanded. It is worth mentioning that irrespective of the shrinking of regular employment, irregular employment (especially part-time and dispatch workers), has tended to rise. The ratio of part-time employment of less than 35 hours per week reached 22.9% in October, 2001.

Unfortunately, since the second half of 2000, the recovery of the Japanese economy has been gradually losing momentum, because of a slow down in IT-related export growth. At the same time, stock prices (Nikkei Average) began to fall from 17 000 Yen in June 2000 to 13 600 Yen in December 2000. It continued to drop to under 11 000 Yen in March 2001, and even less at the beginning of December, 2001, although continuity of the Nikkei Average is not guaranteed.

The Mori Cabinet, which succeeded the Obuchi Cabinet after the sudden death of Mr. Keizo Obuchi in May, 2000, was faced with limitations in fiscal policy, as the accumulated government debt approached 130% of GDP.

In addition, non-performing loans remained steady, while a decline in stock prices and real estate prices resulted in a freeze on credit and growing risks of insolvency among companies.

The Mori Cabinet established an “Emergency Economic Package” in April, 2001, with the following objectives.

Firstly, an acceleration of the non-performing loans, which amounted to 20 trillion Yen at the end of March, 2001. This measure aims at “writing out” non-performing loans or bad debts which will inevitably workforce, which would increase unemployment.

Secondly, the holding of stock by banks should be stopped, so that the banking system would be unaffected by the fluctuation of stock prices. However, with the downward trend in stock prices, most banks have already experienced losses in capital and will therefore have to curb credit creation in order to come in line with BIS standards.

The Mori Cabinet has also emphasised the importance of information and communication technologies. The “E-Japan Strategy” decided upon in March, 2001 has indicated a new move towards public investment to create a better IT infrastructure, as well as human capital, which also implies accepting 30 000 foreign IT workers by the year 2005.

While the government has reduced its budget and issuance of government bonds to finance the deficit of revenues, the monetary policy of the Bank of Japan has been under severe criticisms and political pressures.

The Bank of Japan already stopped its policy of “zero interest rate” as of August, 2000. As the policy to lower the official rate of interest has limitations, it has been argued that “quantitative easing” should be promoted in the course of a more rapid disposal of non-performing loans in banks.

In February 2000, facing the approaching risks of deflation, the Bank of Japan introduced a complementary lending facility, similar to the German “Lombard-type” lending facility, to provide liquidity into the market.

In addition, in March 2001, the Bank of Japan adopted drastic measures to provide liquidity to the market, targeting not the overnight call rate, but the outstanding balance of the current account at the bank. The Bank is able to purchase long-term government bonds until the negative consumer price index remains at zero for over a year.

In line with the growing fear of deflation, criticism of the reliability and personality of Prime Minister Mori has so intensified public opinion that he was almost forced to resign after the anticipated election of the president of the Liberal Democratic Party in May, 2001.

As a result of the election, Mr. Junichiro Koizumi was elected president of the LDP thanks to the strong support of local LDP members and against mainstreams of Diet Members. Mr. Koizumi was then elected Prime Minister as a result of the continued coalition between the LDP, the Komei Party and the Conservative Party.

In the meantime, the Japanese economy has suffered a period of negative growth in the second and third quarters of 2001 as the result of a contraction of public spending, declining private investment, stagnating private consumption as well as declining exports, especially in IT-related industries. Stock prices dropped further to under 10 000 Yen in August, 2001, with some rebound to around 11 000 Yen in November, 2001.

The fall in the employment and labour market has become increasingly serious, with the decline in IT-related export and production, especially since April, 2001.

In October, 2001, total employment decreased by 1.03 million in comparison to the previous year. Particularly remarkable was the employment drop in manufacturing (minus 830 000), wholesale, retail and restaurant (minus 370 000) and construction (minus 280 000), while employment kept growing in the service sector (by 650 000). There are signs that this decline in some sectors may further intensify.

Firstly, in the banking sector, four main banking groups announced restructuring programs, because stock prices have been declining and more cost reductions have become inevitable, and should last until 2005/2006. Additional redundancy among these four groups is estimated to amount to of 23 000 employees. In relation to the banking sector, if the disposal of bad loans is rapidly promoted, it is also expected that large construction and resale companies will undergo severe restructuring and result in more redundancies.

Secondly, in the field of electronics, even leading enterprises such as Matsushita Electric and Fujitsu have announced that they will reduce the number of employees. IT-related companies may engage into more restructuring and retrenchment.

In contrast, the production of automobiles by Japanese companies, especially Toyota and Honda, achieved high profits and employment was maintained in this sector until at least November, 2001.

Thirdly, the relocation of factories from Japan to China has been accelerating extremely rapidly in 2001. This phenomenon reflects tougher price competition and a decline in domestic prices on the one hand, whilst on the other hand, this has been enabled by flexible production, as well as an improvement in the quality control on production sites in China.

Fourthly, the rising import penetration rate in many manufacturing and agricultural sectors is negatively affecting production and employment. Under the deflation, the positive adjustment of industry and employment has become more and more difficult in the short term.

In March, 2001, the government of Japan resorted to a safety measure on emergency import restrictions based on the WTO agreement for the first time. These measures relate to four agricultural products. Korea and China immediately took retaliatory measures and trade friction persists.

In the meantime, the unemployment rate had already reached 4.8% in December, 2000 and has risen to 5.1% (seasonally adjusted, 3.50 million people unemployed) in November, 2001, its worst record since 1953. While the unemployment rate of male workers has risen to 5.8%, the unemployment rate among females has gone down to 4.9%.

In October, 2001, among the unemployed, 1.14 million left on grounds stated by their employers, while 1.22 million left because of their own reasons; 0.88 million were unable to find work upon entry into the labour market.

The recent rising trend in unemployment may be explained by structural phenomena rather than by a demand deficiency. According to the UV analysis, structural unemployment has been continuously rising, from 2.9% in 1997 to 3.7% in 2000, although there has been an improvement in the unemployment rate as a result of a decline in the demand-deficient unemployment rate from 1.4% in 1999 to 1% in 2000 (MHLW, 2001a, Figure 12). The expanding mismatch may be attributable to the structural gaps between demand and supply by age, wage, working conditions and occupation. The existence of a mismatch constitutes an important background of the growing employment among foreign workers during the recession.

Trends and prospects of international migration in Japan

Movement of foreign nationals

Inflow and outflow of foreign nationals to Japan

The number of foreign nationals who entered Japan in 2000, excluding those who entered Japan with re-entry permits, amounted to 4 256 403, a continuous increase (+7.5% or 296 782 persons) after the 1998 decline, mainly due to augmentation of the number of “temporary visitors” (3 910 732, +233 000), especially for the purpose of business (1 218 102, +99 518 persons). This may reflect the recovery of the Japanese or the East Asian economy for two consecutive years.

By country of origin, 58.3% (57.7% in 1999) of new entrants come from Asia. The largest share being that of the Republic of Korea (951 884), Chinese Taipei (882 394), followed by the US (661 564), the Philippines (104 324), the United Kingdom (169 053), Mainland China (190 380) and Hong Kong (UK) (188 692). If we compare new entrants between 1999 and 2000, the increase from China (+33 873), Brazil (+20 302), the Philippines (+19 557) was considerable. At the same time, the number of entrants from North America, Europe and Oceania continues to increase (Table 6).

By status of residence, Temporary Visitors occupy 91.9% (+6.3% in comparison with the previous year) of the number of new entrants. New entrants with working status (excluding the status of residence of “Diplomat”, “Official” and the ones described in Table 6) amounted to 128 682 (+6%). The increase was the greatest in the category of “Entertainer” (103 264, +25.4%) (Table 6).

As for refugee recognition in 2000, the number of applications for refugee status increased rapidly from 133 in 1998 to 262 in 1999, and slightly decreased to 213 in 2000. Only 16 asylum seekers were acknowledged as refugees in 1998, 16 in 1999 and 22 in 2000. From January to August, 2001, 159 applications were filed and only seven were granted.

The number of foreign nationals who left Japan in 2000 excluding those who have re-entry permits was 3 861 248 (+8.8 %).

With the terrorist attack in the USA on 11 September, the inflow of foreign nationals into Japan dropped by more than 20% because of the threat of suicidal hijackings. Irrespective of the tightening of security control, the number of passengers of international aircraft over Japan over 40% in October 2001 and does not recover until now.

Foreign population in Japan

At the end of 2000, the number of registered foreign nationals (those who stay more than 90 days) amounted to 1 686 444, substantially more than the previous year (+130 330, +8.4%). The share of registered foreign nationals of the total population reached an all-time record (1.33% of the estimated total population, *i.e.* 126 919 288 people on 1 October, 2000).

The registered number of foreign nationals are Korean (635 269 or -1 279%, *i.e.* -0.2% from 1999), followed by China (including Taiwan, 333 575 or +39 374, +13.3%), Brazil (254 384 or +30 095, +13.1%), the Philippines (144 871, +29 186 , +25.2%) etc.

To sum up the total of nationals, 1 244 629, or 73.8%, come from Asia and 312 921, or 18.6%, from South America.

According to status of residence, permanent residents (including special permanent residents as stipulated in the Special Law for nationals (and their descendants) who lost Japanese nationality as a consequence of the San Francisco Peace Treaty in 1952) total 657 605 (+21 890, +3.4%, share 40.9%). The number of special permanent residents is still in decline, while the number of other permanent residents increases.

Those who hold a status of residence for working purposes amounted to 154 748 (+29 022 or +23.1%). The number of workers with a residence permit increased in 2000, except for journalists and “Medical service” workers. The most significant increase took place in the number of “entertainers” (53 847, +21 550, +66.7%) especially from the Philippines, which had once shown a decline in 1996 because of a tightening of control and regulation.

Naturalisation and mixed marriages

Although it is increasing, the number of naturalisations amounted to only 15 812, *i.e.* less than the previous year (- 308, -1.9%), mainly of Koreans (9 842, 62.2%) or Chinese (33.2%), most of whom had permanent resident status (GOJ, 2001a).

The number of mixed marriages increased (36 263, +4 368, +13.7%) in 2000, accounting for 4.5% of all marriages in Japan. Of this figure, 28 326 of spouses were female and 7 937 were male (GOJ, 2001a).

Japanese nationality is based on a principle of *jus sanguis*. A baby born either from a Japanese mother or with a Japanese father is entitled to receive Japanese nationality, even when the baby is born outside Japan, while a baby born in Japan cannot be Japanese if none of his parents is Japanese.

25 610 were born from Japanese women in 2000, a 7.9 % (+1 876) increase in comparison with 1995. Among them, 13 396 (0.2%, +27 since 1994) had Japanese fathers (GOJ, 2000a).

Illegal influx or landing, overstay and illegal work

In Japan, the number of foreign nationals who overstay has been estimated twice a year from 1992. However, in the year 2000, the estimates were published only once by the Ministry of Justice.

This estimation is made by computing those who are staying over their entitled period through matching embarkation card and disembarkation card.

On January 1, 2001, the number of overstayers was estimated at 232 121, a 7.7% decrease in comparison with the previous year (251 697 on January 1, 2000). But on July 1, 2001, after a continuous decrease of over seven years, it increased to 235 509 (the largest number of overstayers was recorded on May 1, 1993 (298 646).

By gender, men account for 53.4% (125 751) and women for 46.6% (109 758) (each of them increased by 1.6% or 1.4% respectively from January to July, 2001).

By nationality, Koreans (56 554, +0.9%) occupy the biggest share, followed by Chinese (32 112, +3.7%), Filipinos (31 600, -0.2%), Thais (19 193, -1.6%), Malaysians (9 986, +3.5%) Taiwanese (8 864, +2.1%), Peruvians (8 465, -0.4%), Indonesians (5 957, +12.1%) and Myanmarisians (4 364, -2.4%), to quote only the biggest shares. Therefore, the increase in overstayers between January and July, 2001 was attributable mainly to people coming from China, Indonesia and Malaysia.

A new factor underlying this phenomenon is the liberalisation of sightseeing abroad for Chinese nationals by the government of China. As the number of Chinese touring Japan is increasing, so are the risks to see Chinese nationals “disappearing” during their tour and overstaying.

Fleeing trainees from several countries also contribute to the increase in overstayers, while several measures have been taken to reduce them. A total of 385 trainees disappeared (+175 persons) in 2000, mostly Vietnamese (52.5%) and Indonesians (6.5%) (NPA, 2001, pp. 14-15).

The declining tendency of foreigners who overstayed in Japan might also be explained by several factors. First, increasing number of overstayers whose status is recognised by the “Special Permission of Stay” of the Minister of Justice in the course of deportation procedure from humanitarian reasons for the past four years. Second, the indictment of foreigners who had been overstaying on the basis of new article in the Immigration Control and Refugees Recognition Act enforced on 18 February, 2000, amounted to 296 cases and 218 persons. (NPA, 2001, p. 14) Naturally, the general background of this tendency may be the worsening economic and labour market situation in Japan.

Anyway, the slight increase in estimates of overstayers on 1 July, 2001 does not necessarily mean a change of the tendency that the overstayers are decreasing.

In the meantime, the total number of foreign nationals who are found violating the immigration laws and regulations amounted to 51 459 (- 3 708, -6.7%) in 2000. Among them, 44 190 (-2 063, -4.5%) were illegal workers. Among them, 77.9% is occupied by overstayers (GOJ, 2001).

The total illegal influx was very high in 2000 (9 186, -151, -1.6%). Illegal influx by air reached the highest record (6 828, +8.7%), whereas by ship, it decreased slightly (2 358, -22.8%). The former is partially attributable to the tightening of measures against “Snake Heads”, both from the side of Japan and China, while the latter is the result of more and more sophisticated smuggling with forged passports and documents, including human smuggling during their stay in transit areas at airports in Japan (NPA, 2001, pp. 13-14).

As for the home countries of illegal workers, Korea (11 336, 25.7%), China (8 132, 16.4%), the Philippines (7420, 14.2%), and Thailand (3 902, 8.8%) are the main source countries.

According to the National Police Agency, those who were indicted because of violation of employment laws and regulations – including employment sanctions in the case of violation of Immigration Control and Refugees Recognition Act – amounted to 342 (373 persons) in 2000, a decrease by 162 cases and 219 persons (NPA, 2001).

Indictment of illegal intermediaries totalled 17 persons. 1 033 foreign were involved in workers in such violations (-595 persons in comparison with the previous year).

The drastic decline in indictments due of the violation of employment laws does not necessarily mean that the threat for illegal working as well as trafficking is diminishing. There are also growing concerns that the power of the police in indicting crimes in general might be weakening.

As for general crimes, 30 971 cases (-10.0%) and 12 721 persons (-5.4%) were indicted among foreigners. The number of foreigners who committed evil crimes (murder, raid, robbery and arson) decreased slightly (318 persons, -29 in comparison with the previous year).

A total 1 051 cases (+12 cases, +1.2%) and 720 persons (-34, - 4.5%) were reported for drug abuse (NPA 2001, p. 11). By country of origin, Iran (175 persons), the Philippines (115) and Brazil (111) are the main nationalities according to the National Police Agency (NPA, 2001, pp. 9-10).

As for prostitution, 280 cases were recorded (+37 cases, +15.2%, 172 persons, *i.e.* -12, - 6.5%), mainly among Thais (55 persons), Columbians (41), Taiwanese (29), Koreans (22) and Chinese people (16). according to the National Police Agency (NPA 2001, p12).

It should be stressed that the declining number of indictments does not reflect a decrease in crimes committed by foreigners, but might mean that the safety conditions was faulty during the long-lasting recession.

Employment of foreign workers

Basic framework available to foreign workers (see Iguchi, 2001a)

The framework aimed at legal foreign workers is stipulated in the Economic Plan and Employment Counter Measures Plan on the one hand, and in the Immigration Control and Refugees Recognition Act on the other hand. The former prescribes basic policy of their admission while the latter prescribes concrete criteria and measures.

The current plans, adopted by the Cabinet in July and August, 1999, are called “Ideal Socio-economy and Policies for Economic Rebirth” and the “9th Employment Counter Measures Plan”.

The Immigration Control and Refugees Recognition Act determines two categories of foreigners. The Act describes categories of foreigners who are permitted to enter Japan by way of the “Positive list”. The Japanese Act does not have any “Labour market testing” or “Numerical quotas”. This may be a merit as well as a drawback of the Japanese immigration control system (Iguchi, 1997). It should be borne in mind that the government's basic policy is applied only to the Annex table 1 of the Act. For example, the second and third generation of ex-emigrants from Japan are not regulated by this policy. That is to say, the Japanese-Brazilians who are Japanese descendants of the third generation are eligible to the “Long-term stayer” status, as prescribed in the Annex Table 2. Therefore, according to the author’s view, Japanese-Brazilians are able to work in unskilled jobs in Japan without contradicting the basic principle.

Current situation of foreign workers

According to the Ministry of Health, Labour and Welfare’s estimate, the total number of foreign workers in Japan amounted to 710 000 in 2000, the highest figure that Japan has ever experienced. One must remember that this estimate includes undocumented foreign workers but not foreigners with permanent resident status. According to the Ministry, Japan should welcome as many as possible foreigners in possession of technology and knowledge, while the acceptance of unskilled foreign workers should be carefully examined.

The changes in the number of foreign workers should be examined according to several categories; we will devote a section later to the highly skilled.

Firstly, according to the Alien Registration Statistics, 155 000 had residence status for work purposes (these figures correspond to the ones indicated in the previous chapter). This number has increased by 23.1 %, especially due to the rapidly growing number of “entertainers” (+21 550, +66.7%, mainly from the Philippines). At the same time, every category except for “Journalists” and “Medical services” workers increased. This change partly reflects the growing influx of highly skilled professionals analysed later.

Secondly, the number of foreign workers of Japanese descent (*Nikkeijin*, namely, second and third generation as well as their spouses) amounted to 233 000 in 2000 (a 5.8% increase after a slight decrease in 1999), which includes not only Latin Americans (mainly Brazilians) but also Asians and other descendants of ex-emigrants. The number of *Nikkeijin* had been growing irrespective of long economic stagnation until 1998. It decreased in 1999 for the first time since 1990, reflecting the severe restructuring in the production process, which has been intensified in 1998 and 1999. However, it has also been observed in several areas in Japan that the *Nikkeijin* tended to settle, with a growing number of children born in Japan.

According to the Ministry of Health, Labour and Welfare, the internal mobility of the *Nikkeijin* may have risen, due to job losses caused by the recession. Because they are concentrated in several cities in Japan, their problems – such as a lack in language education, health insurance and networking among public authorities – are intensifying (Hamamatsu, 2001).

Thirdly, 59 000 students and pre-college students work part-time, accounting for 56.3% (+21 432). This number is generally influenced by the total number of students and pre-college students as well as by their labour participation rate. The recent movement can be explained mainly by the growing number of foreign students (78 812 students, the highest record, mainly because of an increase in short-

term students. By nationality, the number of students from China (+27.5%) and Korea (+24.3%) increased remarkably (Ministry of Education and Technology, 2001). These students and pre-college students are able to apply for a permit of non-designated activities at the local immigration office.

Fourth, the number of foreign workers with “designated activities” has been increasing, reflecting mainly the growing popularity of “Technical Intern Traineeship Program (TITP)”.

However, there have been scandals related to the TITP in the “Logistics” case in 1999 (see the 2000 Japan Report), and the “KSD’s” case (profit-seeking by the KSD Foundation concerning the deregulation of the TITP) in 2000 has damaged the images of the TITP.

To overcome these difficulties, several kinds of measures have been taken by the JITCO to improve the functioning of the system (JITCO, 2001).

Foreign workers according to the reporting system

The Reporting System of Employment of Foreigners, established in 1993, gives us indicative information on recent developments in the employment of foreign workers. It should be borne in mind that the figure does not stand for the total number of foreign workers, but for the ones whose establishments have some connections with the Public Employment Service Offices. The growth of the number does not necessarily mean an increase in the amount of foreign workers; it reflects an improvement in the co-operation undertaken by enterprises, as the submission of the report is not compulsory.

According to the results of the June, 2001 report, the total number of foreign workers amounted to 221 807 (+7.1% more than in 2000), among which 130 440 had a contract with an employer (+8.3%) and 91 367 (+5.5%) were employed by subcontracting or dispatching companies. Direct contracts augmented in sectors like real estate (+77.5%), fishing (+26.7%), banking and insurance (22.9%), wholesale, retail and restaurants (+21.9%, *i.e.* 9.3%), manufacturing (+11.0%, *i.e.* 61.5 %), and it decreased in electricity, gas and water companies (-12.8%) and in services (-3.3%, still 21.1 % of the total).

By size of businesses, foreign workers directly employed increased in establishments with 1 to 499 and 1000 or more employees, while they decreased in establishments with 500 to 999 employed.

According to gender, the share is respectively 60.1% and 39.9% for men and women, but the female proportion is rising gradually (also, as the service sector is underrepresented in this report, female foreign workers may in fact amount to a much larger number).

According to region or country of origin, Latin America (44.9%) and East Asia (both North East and South East Asia: 42.3%) are the major sources. The increase is noticeable especially from North East Asia (China and Korea, +20.5%), and South East Asia (ASEAN, +17.4%) while Latin America (Brazil, Peru) increased slightly (+1.2%; in the case of foreign workers of Japanese descent, -0.2%).

Those who are able to work within a limited period of time amount to 29 254 (22.4%), while 75 394 workers (+57.8%) do not have a limited stay. It is remarkable that students and pre-college students increased drastically (+35.0%), as did the number of technical intern trainees (+30.9%). Among foreign workers from Latin American countries, those of Japanese descent represented 87.5%.

According to occupation, 61.5% (80 166) were manufacturing and production workers, 18.4% (24 044) were specialists, engineers and managers, while salesmen, cooks, waiter or waitresses and

hostesses accounted for 7.7% (10 060). Construction/civil engineering workers and business and clerical employees decreased while the number of other workers increased.

The ratio of “regular employees” among the directly employed workers was 32.2 percent (-0.8%, in comparison with the previous year). This ratio is the lowest in establishments with 300 or more employees.

It is important to point out that the ratio of foreign workers employed by subcontracting and dispatching companies to those solely under employment contract continues to rise. This ratio declined to 41.2% (-0.6%), after it had been steadily rising until 2000. According to sectors, manufacturing occupies 92.2% and services, 3.2%. According to the size of the establishment, those with 100 to 299 employees occupy the biggest share of (33.3%). The decline of the ratio of foreign workers employed by subcontracting and dispatching companies is principally due to a drop in the number of such workers in establishments with 100 to 299 employees (-4.0%), although foreign workers under subcontract or dispatching contract are increasing in the other sectors. It should also be noted that the dispatching of production or construction workers is still prohibited, even under the deregulation of the Worker Dispatching Undertaking Law adopted in December 1999.

Movement of Japanese nationals

Emigration of Japanese nationals

In 2000, the number of Japanese who departed overseas had increased continuously to 17 818 590 (+1 461 018, 8.9% more than in 1998). The departure of Japanese nationals is more than three times more important than foreign departures.

Although 28.5% of the Japanese go the United States, Asian countries as a whole occupy 47.6% of all Japanese emigration destination countries. The main ones other than the United States are Korea (13.4%), China (8.2%) and Thailand (5%).

According to purpose of going abroad, sightseeing and others amounts to 14 583 476 (81.8%), followed by short-term business travel 2 599 173 (14.5%). Study or training abroad represents 193 779 people (1.1%), emigration for permanent settlement, 130 251 people (0.7%) and transfer to overseas affiliates or branches, 55 119 people (0.3%).

Most of the movement of Japanese nationals has been explained by such factors as the foreign exchange rate, GDP *per capita* and direct investment to foreign countries. In the year 2000, the strength of the Yen may also have strongly encouraged Japanese nationals to travel abroad.

Japanese nationals residing in foreign countries

The number of Japanese nationals residing abroad for three months or longer and who reported to Japanese embassies and consulates has increased remarkably since 1987, reaching 812 712 (+2.0%) in 2000, among which 526 685 long-term stayers (+2.2%; share: 64.8%) and 285 027 permanent residents (+1.6%; share 35.2%). The development of long-term stayers mainly reflects the movement of intra-corporate transferees and their families as well as of students and researchers.

A total amount of 163 108 Japanese nationals reside in the rest of Asia, (2.5% more than in 1999), among which 156 539 are long-term stayers (+2.6%), while 332 042 (+2.4%) reside in North

America (among which 201 942 are long-term stayers), and 142 202 (+1.8%) in Western Europe, among which 113 728 are long-term stayers (+0.3%).

As to the numbers in big Asian cities, 22 074 (23 295 in 1999) Japanese nationals are living as long-term stayers in Singapore, 22 399 (22 872 in 1999) in Hong Kong, 16 345 (16 252 in 1999) in Bangkok, 8 358 (6 311 in 1999) in Shanghai, 7 734 (7 274 in 1999) in Jakarta, 8 297 (7 581 in 1999) in Taipei, 5 475 (5 529 in 1999) in Kuala Lumpur, and 4 805 (4 735 in 1999) in Beijing.

In Asia, among long-term stayers, the number of workers dispatched to affiliated companies, sometimes joined by their family members, dropped in 1999. However, this number started to increase again remarkably in 2000, while the number of researchers, students and their families continued to increase (MOFA 2001).

Foreign direct investment (FDI), employment and traineeship programs

Changes of FDI in Asia

The FDI inflow to Asia in 2000 recorded a 44% increase in comparison with 1999, reflecting an unexpected rise in the inflow into HK China, while the inflow of FDI into China remained at a similar level than in 1999. The unexpected change in the HK China figures was caused by the transaction related to “China Mobile”. Therefore, a substantial part of FDI into HK China has been channelled to Mainland China. In addition, Korea also enjoyed a high level of FDI inflows until the middle of 2001.

However, the inflow of FDI into South East Asian countries remained below the crisis level in 2000. Its share in the total FDI into Asia shrank from over 30% in 1995 to approximately 10% in 2000 (UNCTAD, 2001, pp. 24-25, Annex Table B-1).

In the meantime, FDI by trans-national corporations (TNC) from Singapore, HK China and Taiwan China had been active in North East Asia from 1999 to 2000, while the FDI from Japan increased again in 2000 after the decline in 1999, with a rise in the production of IT related industries as well as a growing M&A in South East Asia (JETRO 2001). Chinese and Indian companies have begun to invest abroad especially in IT-related sectors in 2000.

The trends of high FDI flows from outside Asia until 2000 is attributable to an enormous increase in M&A, which has been intensified since the financial crisis, as American and European companies had been trying to buy local companies after the devaluation of Asian currencies.

In addition, the growing FDI is reflecting the establishment of R&D centres in East Asia, especially in China, by several American, European and Japanese TNCs. Such movement continues to promote changes in the structure of trade in East Asia, increasing technology-intensive export.

Changes in employment in Japanese affiliated companies

The employment in Japanese affiliated companies has been well maintained during the monetary crisis and begun to increase in almost every country within East Asia (except in Taipei) in 2000. It was particularly remarkable in China and Hong Kong China. This trend may continue in China as over 100 Japanese large manufacturers will reportedly relocate their production from Japan to China (*Nikkei News*, 9 November, 2001). Such affiliated production facilities are not always intensive-intensive but

technology-intensive. The important background of such relocation may be the contraction of the Japanese market as well as the decline in consumer prices in 2001.

Movement of trainees and Technical Intern Traineeship Program

The number of foreign trainees who entered and stayed in Japan had been increasing until 1998. After the decline in 1999, it rebounded sharply in 2000. About 90% of the trainees come from Asia, especially from China and Indonesia.

About 13 000 of foreign trainees are accepted by semi-governmental organisations like JICA, AOTS, OVTA, OISKA and ILO, while 40 000 join private organisations, some of which are supported by the JITCO (Japan International Traineeship Co-operation Organisation).

In Table 14, “Company alone” refers to companies in Japan that have affiliated companies in foreign countries. Therefore, the movement of “Company alone” trainees are related to foreign direct investment. Nowadays, more than half of the trainees seem to be recruited not through the channels of multinational corporations, but by organisations.

Among foreign trainees, those who passed the official skill test are able to change their status of residence from “Trainee” to “Designated activities” so as to develop their skills as “Technical Intern Trainees” under an employment contract. Their length of stay should normally not exceed two years, but it can be extended to three years. The JITCO is responsible for the management of the Technical Intern Traineeship Program. More and more trainees are changing their status of residence from “Trainee” to “Designated activities”. They mostly come from China, Indonesia, Vietnam and the Philippines.

Unfortunately, there have been abuses in the Technical Intern Traineeship Program and political scandals related to so-called KSD foundation, which had been engaged in the recruitment and acceptance of TITP applicants. The measures taken by the JITCO to improve management and restore a good functioning of the system will be discussed later.

Movement of the highly skilled (HS) in Japan

Comparison of HS between Japan and US

Recent discussions on the movement of the highly skilled have not succeeded in taking into consideration the whole variety of issues. Some people debated mostly the movement of specialists, (IT workers or key personnel). Recently, the discussion in international organisations focused on the movement of professionals, service providers, and students.

In this context, the author of this paper proposed a framework in which a variety of the highly skilled (HS) can be compared internationally (Iguchi 2002). According to this, HS are divided into “Core HS”, “Additional channels to HS” and “Permanent HS”. Using this classification, we can compare the movement of HS in Japan and in the US.

Here, “intra-corporate transferees” refers to those with a status of residence called “Investor/Business manager” and “Intra-corporate transfer” in Japan, while it refers to L-1 and E visa holders in the US. “Researchers” comprises those with “researcher” and “professor” statuses of residence in Japan while it refers to O-1 visa holders in the US. “Professionals” applies to those with the “legal /accounting service” and “medical service” statuses, while it means Professional workers: NAFTA in the

US. “Specialists” includes “engineers”, “Specialists in the Humanities and international services” and “instructors” in Japan while it refers to H1-b visa holders in US.

“HS immigrants accepted under employment-based or points-based system” is a category that exists only in the US. “HS temporary workers applying for stable residence status” cannot be distinguished either in US or in Japan. The data of resident or visa status is already included in other data. Other activities include temporary visitors, excluding business travellers, trainees without OJT (the data on trainees accepted by government agencies are used as a proxy in Japan) and other activities.

From such a comparison, we may say that 1) the “Core HS” is much bigger in the US than in Japan, mainly because of a large number of intra-corporate transferees (and inward direct investment) and specialists (usually with a bachelor’s degree); 2) in both countries, “Core HS” has almost the same size as “students”; 3) Professionals are mobile, insofar as specification of professionals and accreditations has been made (especially under the framework of regional economic integration like NAFTA) in both countries; 4) The movement of researchers is not always clear in both countries, because some of them are counted as short-term travellers and some may be counted as specialists in both countries; 5) The activities of business travellers are not easy to grasp and the movement of people who supply services on a contract basis cannot be specified; 6) the “additional channel”, namely the inflow of both students and business travellers, is much bigger in the US than in Japan; 7) the share of employment-based immigration is not very large in the US but it may work together with the “Core HS”; 8) the ratio of HS in the wider sense (namely A+B+C) in the total of entries into the host country (namely A+B+C+D) is 29.8% in Japan and 49.9% in the US, which is not only due to larger acceptance of intra-corporate transferees and specialists, but also the huge size of additional channels (students and business travellers) in the US.

Movement of “Core HS”

In Japan, the size of the “Core HS” has been limited by the low level of inward foreign direct investment. It is interesting to examine whether the inflow of FDI into Japan is contributing to the inflow of intra-corporate transferees.

As discussed before, the inward FDI into Japan has been expanding rapidly in recent years. This trend can be identified by the growing inward FDI in non-manufacturing sectors such as telecommunications, finance and insurance as well as trade. The imbalance of outward and inward FDI has been rapidly corrected by this movement.

When we look at the countries of origin, the inflow of FDI is attributable to European enterprises, especially French businesses in 1999. However, the inflow of intra-corporate transferees were not great in 1999 and 2000. When we observe the stock figures, the number of business managers and intra-corporate transferees are gradually increasing, probably because the limits for the duration of their stay have been extended made renewable by the deregulation of the Justice Minister’s Ordinance.

According to home country and region of intra-company transferees and business managers, over 40 % of them come from Asia and nearly half of the investors and business managers from North America.

Concerning researchers and professors, they are so mobile that their movement does not seem to be well reflected in immigration statistics. The ratio of foreign professors and foreign researchers may be underestimated.

According to the country and region of foreign researchers in Japan, it is interesting to note that China, India, Korea, Russia and the US are the major sending countries, and that 57% of such flows can be regarded as intra-regional movement within Asia.

In the case of professors coming to Japan, China, US, Korea, Russia are major sending countries again, while intra-regional movement accounts for 41%, substantially less than for researchers.

As we discussed earlier in the comparison between Japan and the US, the admission of professionals is very limited in number, as we are only talking about lawyers, accountants and medical doctors. Only American and British lawyers and accountants came to Japan in 2000. However, it should be noted that legal services can be provided within a business traveller status. Such short-term movement is not visible as such in immigration statistics.

The “Specialists” category is also very difficult to define. Table 26 shows the movement of foreign specialists with “Technology” and “Humanities and International Service” residence statuses. The major sending countries are the US, China, the UK, Canada and Australia. Intra-regional mobility occupies one third of the movement of specialists.

According to economic sector, many of the specialists are working in so-called IT sectors and education. About 60% of foreigners with status of residence “Engineer” are particularly concentrated in electronics, machinery and communication. About two thirds of foreigners with status of residence “Humanity and International Services” are concentrated in education.

Concerning remuneration for employment of foreign specialists, many foreigners with status of residence “Humanity and international services” get monthly salary from 20 000 Yen to 299 999 Yen, while the monthly salary for those with “Technology” are more diversified.

Additional channels for HS

The data on the movement of persons as business travellers is not homogeneous and their activities remain unclear. The number of people providing services on a contract basis is not distinguishable and not legally acknowledged by the Immigration laws and regulations in Japan.

With all limitations, we can easily see where they come from. About one half of the movement of business travellers into Japan is intra-regional. The major sending countries or regions in Asia are Taiwan, China, Mainland China, Korea, Singapore and Hong Kong, China. However, the US is the greatest sending country with over 260 000 business people, which is almost equivalent to the number of those coming from European countries.

Another important element of “Additional Channels” is foreign students. Their movement in and around Japan has not been analysed very often. When we look at the foreign student statistics in Japan, the share of postgraduates is as high as 32%, which is much higher than the ratio of postgraduates in the total number of students in Japan (3.3% in 1995, according to UNESCO).

Since 1981, foreign students having completed their studies in Japan are able to change their status of residence from “Student” to other statuses that enable them to work. The ratio of those who changed their status in the total of foreign students has risen from 4 to 5% since 1997. This ratio seems to be very low. However, it should be carefully examined, as more than two thirds of foreign students are staying in Japan for a short time without achieving any academic degrees (Ministry of Education and Technology, 2001, pp. 2-3).

The activities of students who acquired working status after graduation in Japan are very diversified. A lot of them are interpreters and many of them are engaged in very specific jobs often with higher academic degrees than Japanese students. Most do not follow the same career path as Japanese students. However, their remuneration is not particularly high in comparison with other foreign specialists, as about two thirds of them are employed by companies with less than 300 employees. This may also contribute to the reactivation of small and medium companies. However, due to the difficult labour market situation in 2000, the level of salaries for those students got worse.

Regional initiatives to facilitate the movement of the highly skilled

Multilateral initiatives in APEC

In APEC, where negotiation for trade liberalisation has been promoted after the conclusion of the Uruguay Round in 1994, there have been several initiatives concerning the movement of the highly skilled within the APEC region.

Firstly, APEC decided to encourage the participating countries to introduce an *APEC Business Card*, which enables business travellers from APEC member countries to simplify their entry.

Secondly, APEC led a study on the mutual recognition of professional services, which is also the agenda for the WTO after the negotiation on trade-in services in the Uruguay Round. Since 2000, seven countries participated in preparatory work for the mutual recognition of *APEC Engineers*.

Thirdly, APEC initiated some co-operation for the development of human resources by facilitating the admission of foreign students from the APEC region and to allow them to work after completing their studies in the host country.

These three initiatives, although they are meaningful, have not yet been always successful, partly because they are only voluntarily proposed by certain countries and not legally binding participating countries (Iguchi, 2001b, pp. 9-10).

Multilateral Initiatives in the ASEAN by Japan

Since the Asian monetary crisis, the economic and political situation has changed. New bilateral and multi-lateral initiatives have been proposed by the Japanese government, which are supported by several neighbouring countries.

Firstly, Japan promotes bilateral negotiation on the establishment of bilateral free-trade agreements. Having experienced the strong negative impact of the crisis, East Asian countries including Japan have begun to think about institutional economic integration in East Asia to guarantee gains from regional trade and investment. In November, 2001, Japan and Singapore signed an agreement on Investment and Trade. The negotiation with Korea is also underway. These (draft) agreements consist in measures concerning foreign direct investment, including the liberalisation of trade-in services (which implies measures concerning the movement of natural persons).

Secondly, in the field of industrial and human resources development policies, Japan and eight ASEAN countries (Malaysia, Thailand, Indonesia, the Philippines, Vietnam, Myanmar, Laos and Cambodia) have started a co-operation to establish "Centres of Excellence" for human resources development. In this project, Japan provides funding for activities and each ASEAN country selects their

strategic institutions for human resources development. These institutions should hold seminars for the participating countries with the financial assistance from Japan (through AOTS) to develop their curriculum for human resources development, which should form the basis of common qualification standards of this region. The aim of this project is to establish common qualification standards, including those related to information and communication (Iguchi, 2001b, pp. 10-11).

Towards a bilateral co-operation on IT by Japan

Thirdly, Japan is trying to strengthen co-operation in the field of information and communication technologies (ICT) in Asia. In November 2000, a Conference on IT Strategy was convened and the “Fundamental IT Strategy” was decided in Japan.

According to this Strategy, together with basic philosophy and targets, the most advanced IT environment should be created in Japan within five years. Policies will have four focuses: 1) establishing infrastructure for hyper networking and strengthening competition policy, 2) establishing environment for E-commerce, 3) implementing an Electronic Government and 4) strengthening human resources development. Especially in the field of human resources development, MA and Doctorate-level IT related-degrees should be encouraged, and *30 000 highly skilled foreign workers should be attracted into the country until 2005* to secure a pool of IT-engineers and researchers. The Fundamental Strategy was reflected in the E-Japan Strategy decided by the Cabinet in April, 2001. In the meantime, the Law on Fundamental Policy for IT was enacted in December, 2000.

To implement this, an international standardisation of IT qualifications should also be promoted and the landing criteria of IT engineers should be re-examined. The first step to such measures is the recognition of Indian accreditation on information technology will be discussed in detail later.

New developments related to migration policies

In 2001, the discussion on the future of migration policies developed further and measures were implemented to facilitate acceptance of IT specialists from India, while illegal immigration and its countermeasures continues to be one of the most sensitive migration issues. The improvement of the foreign traineeship program should remain an important task. The integration issues of foreign workers and their families are also growing in importance in cities where foreign inhabitants are concentrated under a severe economic recession.

Discussions on new migration policies

The government announced the “Ideal Society and Policies for Economic Rebirth” and the “9th Basic Plan for Employment Measures” in August, 1999. Therefore, basic principles applicable until 2010 have already been set up, led by a will to admit foreigners with technical and professional competences and to study carefully the applications filed by unskilled workers.

Even after the Cabinet’s decision on the Economic Plan and the 9th Employment Measures Plan, the debate continues on the admission of permanent immigrants and the enlargement of the scope of these admissions. At an initial stage, Mr. T. Sakaiya, former State Minister of Economic Planning Agency, had taken initiatives. Today, Mr. H. Okuda, the President of the Japanese Federation of Employers’ Association (*Nikkeiren*) continues to organise active discussions on this issue. The present debate is characterised by concerns about the declining birth rate and the long-lasting recession of the economy in addition to some bottlenecks in specific sectors (Iguchi, 2001b, pp. 40-44).

Acknowledgement of IT Specialists from India and Singapore

In line with the E-Japan strategy mentioned earlier, the Ministry of Economy, Trade and Industry (METI) promoted the mutual recognition of IT qualification standards, especially with India.

In India, the accreditation system of ICT qualification is called DOEACC (Department of Electronics, Accreditation of Computer Courses). Level A of the DOEACC corresponds to an advanced diploma, level B with a Master of Computer Application, level C should be higher than level O and level O corresponds to a diploma. According to METI, level C is equivalent to the Examination of Fundamental Information technology in Japan (Iguchi, 2001b, pp. 11-12).

The Ministry of Justice informed local immigration offices that Indian IT-engineers with level A or B satisfied the conditions for acquiring the “Engineer” residence status as stipulated in the Minister’s Ordinance. In addition, the Ministry recognised not only the Japanese accreditations on IT but also that of Singapore (CITPM) as “exceptions” to the Minister’s Ordinance in December, 2001.

Combating illegal migration and overstay

Illegal influx of foreigners remain high in number, as does the number of overstayers.

First, concerning illegal migration, the techniques of forged passports and documents are becoming more and more sophisticated. Therefore, the Immigration Bureau of the Ministry of Justice is devoting more officials and enhancing their skills to detect forgeries.

Secondly, getting information on stowaways is more and more important to prevent illegal immigration. Actually, the departures of boats used for stowaways are coming from certain ports in China, South Korea and Russia. Therefore, the Ministry of Justice should strengthen the exchange of information and the co-operation with the National Police Agency, the Japan Coastal Guard as well as the Ministry of Finance. They should inspect boats jointly.

Thirdly, although the number of overstayers might be declining, many factors lead to an increase in overstayers. Therefore, the criminal sanctions against overstay based on the Immigration Control and Refugees Recognition Act should also be implemented effectively.

Improving management of technical intern traineeship

As there have been several scandals related to the Technical Intern Traineeship Programs, as in the case of “Logistics”, the JITCO (Japan International Training Co-operation Organisation) has been encouraging employers to hire foreign trainees and Technical Intern Trainees to implement proper management with new guidelines and to distribute notice on training or employment conditions.

The JITCO also made recommendations directly to 76 accepting bodies and enterprises to improve their management, so as to improve the selection of trainees, the payment of training fees as well as the number of trainees accepted in the fiscal year 2000 (JITCO, 2001, pp. 43-44) .

Trainees and Technical Intern Trainees from Vietnam who flee away during their stay in Japan have become a serious problem. The JITCO and the Ministry of Manpower in Vietnam made an agreement to improve the management concerning trainees and Technical Intern Trainees. The performance of the agreement will be reviewed twice a year.

Strengthening of employment policy for foreigners

In 2001, the number of job-seekers, especially foreigners of Japanese descent, who visited the Corner for Employment of Foreign Workers (in 81 Public Employment Service offices) increased drastically, partly because of a rise in dismissals and in the non-extension of contracts, especially in subcontracting companies. In such a labour market situation, employment policy measures for foreign workers, such as employment services for foreigners within the network of the Public Employment Service as well as Guidance to employers based on the Guidelines concerning Employment and Working Conditions of Foreign Workers should be strengthened.

In addition, the Ministry of Health, Labour and Welfare is trying to implement employment assistance measures for foreign students who wish to get a job after graduating. The seminar on proper channels for the employment of foreigners will be held in China. The “International Migration and Labour Market in Asia” Workshop should also play an important role in monitoring and consulting on the recent situation of international migration as well as migration policies in East Asia.

Local initiatives towards the integration of foreigners

On October 19, 2001, the municipal governors from 13 cities (Hamamatsu, Iwata, Kosei, Toyohashi, Toyota, Yokkaichi, Suzuka, Oogaki, Kani, Minokamo, Ota, Oizumi, and Iida) with a high percentage of foreigners got gathered in Hamamatsu City for the fourth time to discuss the problems and tasks of the municipalities related to foreigners. They made a statement and proposals to the central government, prefectural governments and related organisations.

It is in these 13 cities that foreign workers and their families are concentrating: the city with the highest percentage of foreigners (excluding permanent residents) is Oizumi (14.7%), followed by Minokamo (6.8%), Kosei (5.6%), and Ota (5%). The main nationalities of foreigners are Brazilians, Koreans, Chinese, Filipinos, Peruvians and Thais.

These cities are co-operating with each other to exchange information on the policies and activities concerning foreign citizens in order to solve the problems actively. The meeting also aims at making proposals and co-operative actions towards the central government, prefectural governments and related bodies, since many problems cannot be solved without improving or changing the legal system.

The meeting made proposals on the education of foreign citizens (especially on strengthening the teaching of Japanese language to foreign children), social security (especially the improvement of the health insurance coverage and the insolvency for high medical expenses) and the harmonisation of registration systems for Japanese and foreign citizens (Conference on Municipalities with a High Number of Foreign Population, 2001).

Summary and conclusion

Important findings and the conclusion of this paper are as follows:

1. The East Asian economy, which experienced rapid recovery thanks to the expansion of the IT sector and showed recovery in employment and growing international migration should now go through an IT recession, worsened by the terrorist attack on the US in September, 2001. The movement of highly skilled workers is of growing importance for the future growth of Asia, while international migration in general is negatively affected by the recession.

2. The Japanese economy is exposed to strong downward risks and experienced negative growth for three consecutive quarters until the end of 2001. It has reached a critical situation of enormous deflation. While the fiscal policy is reaching its limitations as the government debt accumulates, the “quantitative easing” by the Bank of Japan is under political pressure. With the continuous downfall of the prices, income and employment is also declining and consumption and investment fall; exports do not increase irrespective of the devaluation of Yen.
3. Employment losses reached over one million in October, 2001, with an all-time record unemployment rate of 5.5% in November, 2001.

Furthermore, there are signs that employment deteriorated in 2002: Reforms in the banking sector may lead to further redundancies and the electronic industry is also damaged by the collapse of the IT boom. The relocation of manufacturing production sites from Japan to China is accelerating, and the rising import penetration rate is causing a production downfall. Irrespective of this poor labour market situation, foreign workers may flow in because of the existence of mismatches and the need for highly-skilled workers.

4. The data of the year 2000 on immigration and foreign workers show a substantial increase in foreign workers and population (estimated at 700 000). The pressure of illegal immigration into Japan is still very high, while the legal migration of the highly skilled renewed its record. The number of trainees and Technical Intern Trainees also showed a substantial increase.
5. However, the data on employment of foreign workers in the first half of 2001 indicates a worsening environment in the labour market. With such a background, the problems of integration intensified in several cities with a high rate of foreign inhabitants. The local initiatives to renew migration policy is becoming more and more active.
6. This report undertook a comprehensive analysis of the movement of the highly skilled. With the classification of “Core HS”, “Additional channels” and “Permanent HS”, the situation of the highly skilled in Asian countries could be compared.
 - In the Japan-US comparison, “Core HS” is much bigger in the US than Japan, mainly because the acceptance of intra-corporate transferees and specialists is much larger. To accept more professionals, mutual recognition of accreditations is necessary. The large number of students and business travellers in the US is another reason why the ratio of the highly skilled is much higher. In addition, the adjustment of status from temporary to permanent plays an important role.
 - According to the analysis of the highly skilled migration in Japan, irrespective of the growing inward direct investment from Europe, the growth of intra-corporate transferees is attributable to the close relationship of Japan with Asia as well as to the lifting of the upper limits of the duration of stay. Intra-regional migration plays an important role in the migration of students and researchers, while intra-regional movement of specialist is underdeveloped. With all the possibility to change status of residence from students to worker, the rate of students returning to home countries after finishing study is high. To take initiatives on the regional basis to promote intra-regional migration of the highly skilled, strong political will is lacking. However, the situation is rapidly changing, as political discussion on regional integration is becoming more and more active in East Asia.

7. In Japan, discussions on new migration policies continue, even though the government already decided its policy orientation until 2010. In the meantime, the acknowledgement of IT accreditation in India and Singapore has been undertaken. The combat against illegal influx and overstay continues to be of great importance. The improvement of the management of traineeship programs is going further. The strengthening of employment and integration policies are gathering more and more attention, especially on a local basis.
8. In conclusion, intra-regional co-operation within East Asia on migration policies is of growing importance, especially under the present economic and political situation. The co-operation is necessary not only because irregular migration should be curbed and human smuggling extinguished, but because Asia should prepare the conditions for its future development. The intra-regional migration of the highly skilled is one of the most important elements for the region to implement a dynamic, competitive, mutually beneficial and open economic integration. Harmonising migration policies between countries may enhance such potential. However, the task of revitalising the Asian economy cannot be achieved solely by migration policies. The co-ordination between migration policies and human resources development, science and technology, industrial as well as labour market and social policies should be strengthened.

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ANNEX
DESCRIPTION OF THE DATA IN TABLE 2

Japan:

The number of foreign workers (stock) is an estimate that includes overstayers, but does not include permanent residents. The number of national workers abroad (stock) relates only to Asia. Together with the other regions, it amounts to 292 000 in 1999.

Korea:

The number of foreign workers (stock) is an estimate including overstayers and trainees. The inflow of foreign workers dates from 1992 and the national workers, from December, 1990.

China:

The number of departing nationals for the purpose of work relates to the labour export scheme, excluding departing nationals using private placement services.

Hong Kong China:

The amount of Labour force dates from 1998. The number of foreign workers (stock) only indicates house maids. The number of national workers relates to commuters from Hong Kong China to Mainland China in 1990.

Taiwan China:

The amount of labour force dates of 1998.

Singapore:

The amount of labour force dates from 1998. The number of foreign workers (stock) is the sum of un- and semiskilled workers (450 000) and professional and technical workers (80 000).

Malaysia:

The number of foreign workers (stock) is an estimate of illegal workers. The number of national workers (stock) is an estimate of those commuting to Singapore.

Thailand:

The number of foreign workers (stock) is an estimate of illegal workers. The number of national workers (stock) is an estimate of those working abroad.

Indonesia:

The number of entering foreigners for work purposes relates to 1994-1995.

The Philippines:

The number of foreigners legally working is 6000 workers in 1999 and 5000 in 1998.

Table 1. Unemployment in East Asia

	1997	1998	1999	2000
Japan	3.4	4.1	4.7	4.7
Korea	2.6	6.8	6.3	4.1
China	3.1	3.1	3.1	3.1
Hong Kong (China)	2.2	4.7	6.3	5.0
Taiwan (China)	2.7	2.7	2.9	3.0
Singapore	2.4	3.2	4.6	4.4
Malaysia	2.4	3.2	3.4	3.1
Thailand	0.9	3.4	3.0	2.4
Indonesia	4.7	5.5	6.4	6.1
The Philippines	7.9	9.6	9.4	10.1

Source: Asian Development Bank (2001) revised with national data in some countries.

Table 2. International Migration in East Asia in 1998-1999 (thousands)

		Labour Force	Flow		Stock	
			Inflow of Foreigners	Outflow of Nationals	Foreigners working inside	Nationals working outside
Japan		67 790	108 (102)	51(53)	670 (670)	106 (111)
Korea		21 634	Na (193)	[59]	217 (158)	(56)
China	Mainland	711 610		398 (335)	84 (83)	-
	H.K.	[3 216]	15 (19)	-	194 (181)	Na (50)
	Taiwan	[9,216]	-	-	Na (251)	Na (120)
Singapore		[1 876]	-	-	Na (530)	(15)
Malaysia		9,010	-		1600 (1128)	200 (200)
Thailand		33 210	50 (70)	202 (192)	664 (987)	Na(550)
Indonesia		94 800	Na (28)	Na (380)	Na (35)	Na (1 000)
Philippines		32 081	6 (5)	640 (638)	Na (29)	Na (4 925)

Source: By the author in reliance upon national data and estimates.

Notes: () stands for 1998. [] stands for a year other than 1999 or 1998.

The detailed description of the data is given in the annex.

Table 3. Main economic indicators in Japan

	1996	1997	1998	1999	2000	2001
Real GDP growth In % (1Q/2Q/3Q)	3.5	1.8	-1.1	0.8	1.5	1.0/-1.2/ -0.5
GDP actual figure In billion Yen	510 802	521 862	515 834	512 530	511 836	126,619/12 3 299/121 9 64
Exchange rate of Yen to US \$	108.81	120.98	131.02	113.94	107.75	125.27/124. 27/119.29/ 131.47
Current Account 100 million Yen	71 579	114 363	157 846	121 738	120 782	29,059/20 9 39/30 987
In GDP (%)	1.4	2.2	3.2	2.3	2.5	
Inward FDI (FY) in million US\$	200	3 200	3 268	14 308	NA	-
Outward FDI(FY) in million US\$	23 442	26,059	24 625	22 267	NA	-
CPI	0.1	1.8	0.6	-0.3	-0.7	-0.5/-0.7/ 0.8
WPI	0.1	1.5	-1.6	-3.3	-0.1	0.4/-0.6/ 1.0/-1.3
Money Supply (%)	3.3	3.1	4.0	3.6	2.1	2.4/2.7/3.1/ 3.2

Source: Economic Planning Agency, Bank of Japan.

Table 4. Main labour market indicators in Japan

	1996	1997	1998	1999	2000	2001
Population 15 years old and over 10 000	10 571	10 661	10 728	10 783	10 836	10863/10876/ 10 898
Labour Force (10 000)	6,711	6,787	6,793	6,779	6,766	6,690/6,800/ 6,763
Employment (10 000)	6,486	6,557	6,514	6,462	6,446	6,364/6,456/ 6415
Employees (10 000)	5 322	5 391	5 368	5 331	5 356	5 347/5 395/ 5 359
Foreign Workers (10 000)	63	66	67	67	71	-
Foreign Workers in employees (%)	1.2	1.2	1.2	1.3	1.3	-
Unemployed (10 000)	225	230	279	317	320	326/345/341
Unemp. ratio (%)	3.4	3.4	4.1	4.7	4.7	4.8/4.9/5.1/
Invol. unemployed (10 000)	59	54	85	102	102	98/102/
Wages (%)	1.1	1.6	-1.3	-1.3	0.5	0.1/-0.8/-1.5
Real Wages(%)	1.1	0.0	-2.0	-0.9	1.4	0.2/-0.2/-1.2

Source: General Coordination Agency, Ministry of Labour.

Table 5. Immigration of foreigners by country or area (excluding re-entry)

	1996	1997	1998	1999	2000
Korea	897 467	917 475	640 968	835 297	951 884
Taiwan China	695 238	796,788	814 956	901 874	882 394
USA	528 841	562 148	605 719	634 216	661 564
Hong Kong China	25 209	28 208	50 677	39 613	46 797
China	134 140	149 831	152 046	156 507	190 380
U. K.	124 609	147 710	162 132	161 392	169 053
Philippines	60 203	74 345	75 161	84 767	104 324
Canada	74 711	82 860	95 105	94 739	106 501
Thailand	56 505	53 778	40 174	48 384	56 011
Brazil	60 187	66 636	40 972	38 275	58 577
Others	752 916	929 900	789 903	964 557	1 075 715
Total	3 410 026	3 809 679	3 667 813	3 959 621	4 256 403

Source: Ministry of Justice.

Table 6. Inflow of foreigners by status of residence

Status of Residence	1996	1997	1998	1999	2000
Diplomat	8 843	8 758	8 313	8 305	9 408
Official	10 107	9 624	8 164	9 824	11 767
* Professor	1 309	1 463	1 429	1 513	1 914
Artist	91	136	136	159	167
Religious activity	1 236	1 214	1 231	1 229	1 199
Journalist	198	192	145	180	231
Investor/ Manager	1 079	1 064	1 212	974	863
Legal/accountant service	7	6	7	4	3
Medical Service	2	2	2	4	1
Researcher	1 080	1 251	1 229	1 147	1 036
Instructor	2 874	3 068	3 318	3 203	3 323
Engineer	4 426	5 128	5 699	3 670	3 396
Specialist in the Humanities	6 144	6 709	7 150	6 510	7 039
Intra-corporate transferee	2 831	3 354	3 351	3 765	3 876
Entertainer	53 952	67 475	73 778	82 305	103 264
Skilled labour	3 336	2 833	3 024	3 375	3 876
Subtotal	78 538	93 895	101,891	108 038	129 868
Cultural activities	3 391	4 092	3 733	3 693	3 396
Temporary visitor	3 184 642	3 534 869	3 402 358	3 677 732	3 910 624
College student	11 717	12 408	13 478	14 446	19 503
Pre-college student	9 436	11 755	14 540	19 426	22 404
Trainee	45 536	49 594	49 797	47 985	54 049
Dependent	15 199	16 138	16 134	16 695	17 617
Designated activities	3 222	3 295	2 979	2 934	4 364
Spouse/child of Japanese	25 869	31 606	24 572	26 737	33 167
Spouse/child of perm. resident	213	292	352	341	389
Long-term resident	12 773	33 353	21 501	23 465	40 033
Total	3 401 026	3 809 679	3 667 813	3 959 621	4 256 403

Source: Ministry of Justice.

Table 7. Estimated number of overstayers

	July 1997	July 1998	July 1999	Jan. 2000	Jan. 2001	July 2001
Total	281 157	276 641	268 421	251 697	232 121	235 509
Korea	52 854	59 160	63 818	60 693	56 023	56 554
Philippines	42 627	42 646	39 235	36 379	31 666	31 600
China	38 957	35 558	36 077	32 896	30 975	32 112
Thailand	38 191	35 138	26 546	23 503	19 500	19 193
Malaysia	10 296	10 143	9 763	9 701	9 651	9 986
Peru	12 027	11 052	10 263	9 158	8 502	8 465
Taiwan China	9 403	9 364	9 429	9 243	8 849	8 864
Iran	10 153	8 121	6 524	5 824	4 335	4 010
Myanmar	5 957	5 650	5 304	4 983	4 473	4 326
Bangladesh	5 861	5 278	4 625	4 263	-	-
Pakistan	4 766	4 490	3 931	3 414	-	-
Others	50 016	50 941	47 970	46 690	52 832	54 404

Source: Ministry of Justice.

Note: Figures for Bangladesh and Pakistan in January 2001 and July 2001 are included in "Others".

Table 8. Illegal influx, landing, overstay and working

	1996	1997	1998	1999	2000
Total	54 271	49 566	48 493	55 167	51 469
Illegal influx	4 827	7 117	7 472	9 337	9 186
Illegal landing	811	776	719	831	748
Undesignated Activities	279	430	310	335	473
Overstay	48 211	41 113	39 835	44 403	40 756
Violation of law	143	130	157	261	296
Illegal working	47 785	41 604	40 535	46 258	44 190

Source: Ministry of Justice.

Table 9. Illegal influx to Japan

	1996	1997	1998	1999	2000
Total	4 827	7 117	7 472	9 337	9 186
By air	3 757	4 382	4 916	6 281	6 828
By ship	1 070	2 735	2 556	3 056	2 358

Source: Ministry of Justice.

Table 10. Numbers of foreign workers in Japan (estimates)

* Status of Residence	1996	1997	1998	1999	2000
Professor	4 573	5 086	5 374	5 879	6 744
Artist	272	276	309	351	363
Religious Activity	5 010	5 061	4 910	4 962	4 976
Journalist	454	420	373	361	349
Investor/ Manager	5 014	5 055	5 112	5 440	5 694
Legal/accountant Service	65	58	59	77	95
Medical service	140	131	111	114	95
Researcher	2 019	2 462	2 762	2 896	2 936
Instructor	7 514	7 769	7 941	8 079	8 375
Engineer	11 052	12 874	15 242	15 668	16 531
Specialist in Humanities	27 377	29 941	31 285	31 766	34 739
Intra-corporate transferee	5 941	6 372	6 599	7 377	8 657
Entertainer	20 103	22 185	28 871	32 297	53 847
Skilled Labour	8 767	9 608	10 048	10 459	11 349
Subtotal	98 301	107 298	118 996	125 726	154 748
Designated activities	6 558	8 624	12 144	19 634	29 749
Part-time work of students	32 366	30 102	32 486	38 003	59 435
Worker of Japanese descendant	193 748	211 169	234 126	220 844	233 187
* Overstayer	282 986	276 810	271 048	251 697	232 121
*
Grand total	610 000 +α	630 000 +α	660 000+ α	670 000 +α	710.000 +α

Source: Ministry of Health, Labour and Welfare.

Note: * stands for status of residence for the purpose of working.

** stands for illegal foreign workers.

Table 11. Employment of foreigners according to reporting system

	1996	1997	1998	1999	2000	2001
Total						
Establishment	15 757	17 859	19 204	19 483	19 794	20 745
Foreign workers	154 783	185 214	189 814	191 472	207 093	221 121
%	100	100	100	100	100	100
Direct employment						
Establishment	14 053	15 702	16 948	17 362	17 571	18 484
Foreign workers	103 044	113 961	114 753	115 038	120 484	130 440
%	66.6	61.5	60.5	60.1	58.2	58.8
Subcontracting, Dispatching contract						
Establishment	2 918	3 529	3 729	3 677	3 854	3 954
Foreign workers	51 739	71 253	75 061	76 434	86 609	90 631
%	33.4	38.5	39.5	39.9	41.8	41.2

Source: Ministry of Health, Labour and Welfare.

Note: Figures on June 1.

Table 12. Departure of Japanese and foreigners

	1996	1997	1998	1999	2000
Total	20 850 188	21 370 382	20 275 877	21 203 898	22 965 316
Japanese	16 694 769	16 802 750	15 806 218	16 357 572	17 818 590
Foreigners	4 155 419	4 567 632	4 469 657	4 846 326	5 146 726

Source: Ministry of Justice.

Table 13. Employees in Japanese affiliated companies

	Oct. 1996	Oct. 1997	Oct. 1998	Oct. 1999	Oct. 2000
Asia Total	1 763 667	1 922 608	1 880 492	1 962 572	2 064 795
Korea	137 920	84 575	79 963	79 365	79 974
China Mainland	366 187	459 003	466 979	530 705	566 728
Hong Kong China	120 264	142 507	139 010	136 526	144 259
Taiwan China	130 957	127 603	121 550	115 435	107 912
Malaysia	224 510	240 712	219 254	212 630	226 431
Thailand	332 324	355 480	337 540	337 034	344 918
Indonesia	193 415	211 245	221 339	230 299	253 474
Singapore	93 338	90 483	79 450	76 634	78 315
Philippines	98 924	112 250	121 113	134 913	147 083
Vietnam	10 533	16 921	19 747	24 687	34 009

Source: Toyokeizai Shinpo Sha.

Table 14. Acceptance of foreign trainees

	1996	1997	1998	1999	2000	%
Total	45 536	49 594	49 797	47 985	54 049	100
Asia	40 201	44 384	44 460	42 456	49 142	91.0
Korea	2 701	1 596	553	696	592	1.1
China	17 904	21 340	22 372	22 041	27 839	51.5
Taiwan (Ch)	737	499	499	299	335	0.6
Philippine	4 446	4 380	3 658	3 694	3 727	6.9
Thailand	3 298	3 534	4 625	2 998	2 974	5.5
Malaysia	1 675	1 575	1 645	1 358	1 285	2.4
Vietnam	1 313	2 009	2 136	2 108	2 757	5.1
Indonesia	5 098	6 701	5 972	5 926	6 231	11.5
India	631	567	637	697	649	1.2
Sri Lanka	501	478	392	476	479	0.9
Europe	1 078	1 001	980	902	854	1.6
Africa	1 578	1 502	1 587	1 764	1 573	2.9
North Am.	662	638	758	757	622	1.2
Latin Am	1 605	1 648	1 590	1 167	1 399	2.6
Oceania	370	356	372	346	374	0.7

Source: Ministry of Justice.

Table 15. Foreign Trainees according to types of accepting institutions

Accepting Organisations	1996	1997	1998	1999	2000
Total	45 436	45 495	49 797	47 985	54 049
Government organisations	12 593	13 222	14 136	13 189	13 030
Private institutions with Support from JITCO	23 078	28 011	26 075	25 631	31 898
Company alone	12 833	12 374	10 627	8 759	8 316
Association of SME	7 741	12 024	12 515	13 846	19 618
by JITCO					
Recommended	2 504	3 613	2 933	3 026	3 964
Company alone	350	465	581	579	707
NGOs/ NPOs	2 145	3 148	2 340	2 435	3 212
Other bodies	0	0	12	12	45
Private institutions without support from JITCO	9 865	8 361	9 586	9 165	9 121

Source: JITCO (2001).

Table 16. Number of foreign trainees allowed to become technical intern trainees

	Total	1993	1994	1995	1996	1997	1998	1999	2000
China	32 087	82	1 156	1 496	2 128	3 677	7 690	7 225	8 633
Indonesia	13 044	31	579	632	965	1 970	4 136	2 504	2 227
Vietnam	3 924	16	14	31	272	407	945	1 067	1 165
Philippines	1 310	10	82	101	203	228	221	307	78
Thailand	241	21	15	28	38	25	45	37	32
Others	167	0	15	8	18	32	29	50	60
Total	50 733	160	1 861	2 296	3 624	6 339	13 066	11 032	11 032

Source: JITCO.

Table 17. Inflow of the highly skilled (HS) and non-HS in Japan and US

Type	Classification	Japan (2000)	US (1999)
A: Core HS	Total	21 478 (100)	561 423 (100)
	Intra-corporate transferee	4 739 (22.1)	174 797 (31.1)
	Researcher	2 977 (13.9)	15 946 (2.8)
	Professional	4 (0)	68 354 (12.2)
	Specialist	13 758 (64.0)	302 326 (53.8)
B: Additional Channels	Business travellers including service providers	1 218 102	24 104 371
	Student	19 503	567 146
C: Permanent HS	HS immigrants accepted under employment-based or points-based system	None	77 517 (1998)
	HS temporary workers applying for stable residence status	.	.
D: Outside Scope of HS	Non-HS workers in Total	144 318	388 665
	Medical related Specialists	3	2 046
	Entertainers	103 296	48 471
	Other workers	30 665	290 039
	Trainees with OJT	41 019	2 986
	Dependants of workers/students	33 556	319 349
	Other activities	2 708 762	24 379 890
	Long-term residents	40 003	None
	Permanent residents	None	660 477
	A+B+C/ A+B+C+D		29.8%

Source: By the author, based on Japanese and US immigration statistics.

Table 18. Growing acceptance of FDI since the second half of 1990s

	1997	1998	1999	2000 *	2001
Inward FDI Total	5 527	10 469	21 510	35 000	.
Manufacturing	2 179	2 411	8 783	1 342	.
Non manufacturing	3 348	8 028	12 727	33 958	.
Finance Insurance	1 317	3 568	4 566	14 302	.
Trade Commerce	812	1 374	3 124	3 784	.
Telecommunication	27	131	2 959	13 554	.
Outward FDI Total	53 972	40 747	68 694	52 066	.
Inward/outward Ratio	0.102	0.257	0.313	0.672	.

Source: Ministry of Finance and JETRO. Note: The figures in 2000 are estimates.

Table 19. Inward direct investment into Japan and intra-corporate transferees

	1997	1998	1999	2000 (estimate)	2001
Inward FDI Total	5 527	10 469	21 510	35 000*	-
N. America	1 239	6 323	3 741	12 328	-
Europe	2 508	2 361	12 675	1 726*	-
Asia	605	161	985	288*	-
Japan	667	1 351	1 448	18 378	-
Corp. transfer (A)+(B)(inflow)	4418	4743	4 739	4739	-
(A) Investor, Manager	1064	1212	974	863	-
(B) Intracorp. Transferees	3354	3531	3 765	3 876	-
Corp. transfer (A)+(B) (stock)	11427	11 711	12 762	14 349	-
(A)Investor, Manager	5 055	5 112	5 440	5 694	-
(B)Intracorp. Transferees	6372	6599	7322	8657	-

Source: Ministry of Finance, JETRO and calculation by the author.

Note: * stands for estimates on annual basis. / Japan means investment by foreign affiliated company in Japan (i.e. re-investment).

Table 20. Home country /region of intra-company transferees in Japan (2000)

	Asia	Europe	North America	Oceania	Others	Total
Number	1623	931	1130	134	58	3876
Ratio	41.9%	24.0%	29.1%	3.5%	1.5%	100.0%
Major Sending country	Korea (457) China (448) India (223) Taiwan/China (106)	UK (341) France (171) Germany (132)	US (1069)	Australia (107)		

Source: Made by the author in reliance upon Ministry of Justice.

Table 21. Home country /region of foreigners with "Investor and business manager" in Japan (2000)

	Asia	Europe	North America	Oceania	Others	Total
Number	204	220	403	29	7	863
Ratio	23.6%	25.5%	46.7%	3.4%	0.8	100.0
Major Sending country	Korea (78), China (34) Taiwan/China (24), India (23)	UK (63) France (43) Germany (42)	USA (387)	Australia (21)		

Source: Made by the author in reliance upon Ministry of Justice.

Table 22. Estimated ratio of foreign professors and researchers in Japan

	Researchers	Professors	Postgraduate students
Number in total(1995)	17 266 949	3 917 709	1 371 119
Foreigner (2000)	2 934	6 744	1 301
Estimated Ratio	0.0%	0.2%	0.9%

Source: Calculated by the author in reliance upon UNESCO(2000), and Immigration Statistics of Ministry of Justice.

Table 23. Home country / region of foreign researchers in Japan (2000)

	Asia	Europe	North America	Oceania	Others	Total
Number	587	311	83	29	26	1 036
Ratio	56.7%	30.0%	8.0%	2.8%	2.5%	
Major Sending country	China (254) India (103) Korea (95) Bangladesh (36)	Russia (95) Germany (49) Hungary (17)	US (58)	Australia (23)		

Source: Made by the author in reliance upon Immigration Statistics.

In the case of professors coming to Japan, China, US, Korea, Russia are major sending countries again, while intra-regional movement accounts for 41%, substantially less than for researchers.

Table 24. Home country /region of foreign professors in Japan (2000)

	Asia	Europe	North America	Oceania	Others	Total
Number	795	599	441	65	41	1 941
Ratio	41.0%	30.9%	22.7%	3.3%	2.1%	100.0
Major Sending country	China (416) Korea (176) India (76)	Russia (159) UK (91) Germany (82) France (53)	US (374)	Australia (53)		

Source: Made by the author in reliance upon Immigration Statistics.

Table 25. Home country / region of foreign professionals in Japan (2000)

	Asia	Europe	North America	Oceania	Others	Total
Number	0	2	2	0	0	4
Ratio	0	50.0%	50.0%	0	0	100.0
Major country		UK (2)	US (2)			

Source: Made by the author in reliance upon Immigration Statistics.

Note: "Professionals" refers to foreigners who enter Japan with a status of residence called "Legal and accounting service".

Table 26. Home country /region of foreign specialists in 2000

	Asia	Europe	North America	Oceania	Others	Total
Number	3 416	2 446	3 843	1 510	86	1 091
Ratio	31.2%	22.6%	31.8	13.8%		100.0
Major Sending country	China (1 717) Korea (617) India (334) Philippines (184), Taiwan China (157) Malaysia (71) Singapore (67) Pakistan (39)	UK (1 554) France (276) Germany (122) Ireland (102) Russia (52)	USA (2 306) Canada (1 168)	Australia (1 103) New Zealand (403)		

Source: Ministry of Justice, Note: Statistics on Certificate of eligibility.

Table 27. Sectors of employment for specialists (Manufacturing)

	Electronics	Machinery	Communication	Automobile	Others	Total
Humanities and Intern. Business	17.2	9.1	6.1	7.5	60.1	100
Engineers	31.1	16.3	14.1	5.3	33.2	100

Source: Ministry of Justice. Note: Statistics on Certificate of eligibility in 2000.

Table 28. Sectors of employment for specialists (Non-manufacturing)

	Education	Trade and Commerce	Computer-related	Finance Insurance	Others	Total
Humanities and Intern. business	65.9	6.9	2.0	5.9	19.3	100
Engineers	0.9	9.9	56.4	7.8	25.0	100

Source: Ministry of Justice. Note: Statistics on Certificate of eligibility in 2000.

Table 29. Monthly salary for specialist working in Japan (%)

Year	~199999	200000~299999	300000~399999	400000~499999	500000~599999	600000~	Total
Humanities/ International Business	0.9	73.4	10.1	2.6	2.2	10.7	100
Technology	5.7	36.0	15.5	11.9	7.2	23.6	100

Source: Ministry of Justice, Note: Statistics on Certificate of eligibility in 2000.

Table 30. Home country /region of business travellers

	Asia	Europe	North America	Oceania	Others	Total
Number	605 514	264 477	296 589	40 114	11 408	1 218 102
Ratio	49.7%	21.7%	24.3%	3.3%	0.9%	100.0
Major Sending country	Taiwan/China (70 848) China (69 920) Korea (324 037) Singapore (25 564) Hong Kong China (39 319)	UK (70 471) Germany (41 691) France (33 646) UK/Hong Kong (22 812) Italy (15 602)	US (267 670)	Australia (30 704)		

Source: Ministry of Justice.

Table 31. Composition of foreign students

Total	Undergraduates	Postgraduates	Short-term College	Special college	Vocational college	Preparation for study
78 812 (100.0)	35 222 (44.7)	25 246 (32.0)	3 774 (4.8)	506 (0.6)	12 324 (15.6)	1 840 (2.3)

Source: Ministry of Technology and Education (2001).

Table 32. Number and change of status of foreign students in Japan

	1997	1998	1999	2000	2001
Total foreign students	51 047	51 298	55 755	64 011	78 812
Foreign students who got permission to change status	2 624 (5.1 %)	2 391 (4.7%)	2 989 (5.3%)	2 689 (4.2%)	· (·)

Source: Calculated by the author in reliance upon data of Ministry of Technology and Education (2001).

Table 33. Occupations of foreign students who changed status of residence in 2000

Activity		Activity	
1 Interpreter	23.3%	8 Foreign trade	5.2
2 Dev. of technology	12.8	9 Data processing	4.9
3 Sales	9.6	10 Drafting	3.8
4 Overseas business	7.1	11 Accounting	1.1
5 Education	6.7	12 Intern.Finance	0.9
6 R&D	6.1	13 Advertisement	0.6
7 Management	5.7	14 Medical treatment	0.6

Source: Ministry of Education and technology (2001).

Table 34. Monthly salary of students who changed status of residence (%/Yen)

Year	Total	~199999	200000~ 249999	250000~ 299999	300000~ 349999	350000~ 399999	400000~ 449999	450000~ 499999	500000~
1999	100.	7.7	24.6	41.5	8.8	2.5	1.4	1.2	11.6
2000	100.	11.0	28.7	36.1	8.4	2.8	1.4	2.0	8.4

Source: Ministry of Education and technology (2001).

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by
Kil-Sang Yoo
Korea Labour Institute

Introduction

Prior to the financial crisis in November 1997, Korea had achieved its economic peak over the preceding three decades. Between 1965 and 1996, the *per capita* income in Korea increased by a hundred times, from USD 105 to USD 11 380. The financial crisis drastically changed its economy and labour market. The real GDP growth rate sharply decreased in 1998, as did the *per capita* income, mainly due to devaluation of the Korean Won and the negative growth rate. The unemployment rate went up from 2.6% in 1997 to 6.8% in 1998 and 6.3% in 1999. This unexpected shock also affected the demand for foreign labour. The number of migrant workers including industrial trainees decreased from 245 399 in 1997 to 166 648 in 1998 and 188 316 in 1999. In 1999 and 2000, the economy quickly recovered, recording a GDP growth rate of 10.9% in 1999 and 8.8% and an unemployment rate down to 4.1% in 2000. This quick recovery boosted the demand for labour, including migrant workers, whose number increased to 254 178 in 2000 and 330 194 in November, 2001 (the figures include industrial trainees).

These changes compelled the government to develop more effective measures to regulate and manage migrant workers. In 2000, the government and the ruling party of Korea tried to introduce a new system to regulate immigration of unskilled migrant workers with the purpose of providing employment permits to the qualified employers who wanted to hire them. This attempt failed, mainly because of the strong opposition of employers in 2000. On December 20, 2001, the government announced the revision of the industrial training system for unskilled foreign workers, turning the “two years’ training plus one year’s employment” system into a “one year’s training plus two years’ employment” policy in February, 2002.

Domestic economy and the labour market

Recent trends in the domestic economy

Most experts agree that after the very high economic growth until the late 1980s, 1989 was the turning point of a mid-growth period in which structural adjustment occurred. During this transition, the Korean economy experienced higher inflation, widening trade deficit and faster growth of the service sector as shown in Table 1, and entered the period of so-called “labour shortage”.

However, the financial crisis in late 1997 hit the Korean economy unfavourably. The GDP growth rate fell to -6.7% in 1998, and *per capita* GNI decreased from USD 10 307 in 1997 to USD 6 723 in 1998, mainly due to the devaluation of the Korean Won and the negative economic growth

rate. Many companies, including five banks and big steel and car manufacturers, went bankrupt, which resulted in a very high unemployment rate. At that time, the major challenge was to overcome the economic crisis as fast as possible. Reform policies for the recovery were directed at the financial and industrial sectors as well as at the public and labour sectors. With nation-wide pain-sharing schemes, the economy recovered very quickly in mid-1998. In 1999 and 2000, it recorded a high growth rate (10.9% and 8.8% respectively) and a very stable inflation rate measured by the consumer price index (see Table 1).

However, the economy has suffered from the late-2000 worldwide recession; its GDP growth rate sharply decreased from 12.6% in the first quarter of 2000 to 9.7% in the second quarter, 9.2% in the third quarter and 4.6% in the fourth quarter. In 2001, it fell down again to 3.7% in the first quarter and 2.7% in the second quarter. Since the fourth quarter of 2001, an economic recovery seems to be on the way. The government is expecting a 4% growth rate in 2002.

Recent trends in the labour market

Overview of employment and unemployment

As shown in Table 2, the population growth rate has decreased from 1.57% in 1980 to 0.89% in 2000, which resulted in a drastic change of its population's structure. The proportion of the 0-14 age group decreased from 34% in 1980 to 21.6% in 2000, while that of the 15-64 cohort increased from 62.2% in 1980 to 71.2% in 2000 and that of age 65 or over increased from 3.8% in 1980 to 7.1% in 2000. These changes and a generally higher education level resulted in a labour shortage in low-skilled workers.

The unemployment rate stayed under 3% from 1990 to 1997, as shown in Table 3. Analysts argued that it was too far below the "non-accelerating wage rate of unemployment (NAWRU)". For the 1990-1997 period, the growth rate of nominal wages averaged approximately 13% as shown in Figure 1. Wage increases (the wages doubled from 1987 to 1997) far outran productivity increases, which hurt the competitiveness of Korean goods, especially abroad, and discouraged a large number of companies from investing.

The financial crisis at the end of 1997, followed by structural reforms and macro-economic stabilization programmes, constricted the economic activities of the labour force on a large scale. In 1998, the number of employed people decreased by 1.1 million, and the official unemployment rate reached 6.8%, with the number of the unemployed exceeding 1.4 million as shown in Table 3. Unemployment affected mostly the construction, trade and manufacturing sectors. By occupation, most were from non-professional jobs such as machine operators, assemblers and manual labourers. In terms of wage adjustments, the growth rate of the nominal wage decreased from 7.0% in 1997 to -2.5% in 1998, while real wages were reduced by -9.3% in 1998.

As a result of the painful efforts of economic restructuring after the financial crisis, the Korean economy quickly recovered from its deep recession. Although the unemployment rate remained as high as 6.3% in 1999 mainly due to the lagging effects of business cycles on the labour market, it started to decrease significantly in 2000. The unemployment rate as of the second quarter of 2001 was 3.5%, with 791 000 people unemployed. However, we can hardly say that the financial crisis is over on the labour market. While unemployment rates are falling, it is unlikely that they will return to the 2% level recorded before the crisis. Also, the overall labour force participation rate in 2000 is only of 60.7%, which is far below the 1997 figure. The relatively low employment/population ratio

and the number of the employed suggest that there is still a large number of discouraged workers who slow down their job search because of the economic downturn.

Changes in employment structure

Due to the successful industrialization, the share of agriculture, hunting and forestry decreased dramatically since the early 1960s. Currently, only 11.2% of the overall employment is engaged in the primary industries. The employment share of the manufacturing sector also decreased after a recorded 27.1% in 1990. On the contrary, service industries such as wholesale, retail, hotels & restaurants and real estate employ workers at increasing rates.

In terms of occupation, employment retrenchment affected machine operators, assemblers and manual workers, reflecting the decreasing employment shares of manufacturing industries. In addition, a reduction in the proportion of clerks mainly due to office automation can be observed in Table 5. The proportion of managers and (associate) professionals increased from 15.4% in 1994 to 18.8% in 2000. During the same period, the proportion of service and sales persons also went up from 21.6% to 23.9%.

Compared with OECD countries, the Korean labour market has two distinctive characteristics. Firstly, a large proportion are employed in “non-regular” jobs, of short duration and usually low stability. In 2000, 52.4% of the employees are either temporary or daily workers. The incidence of non-regular work is particularly high among women, older workers and the lower-educated, while younger and higher-educated male workers occupy most regular jobs. The proportion of “non-regular” workers follows a U-pattern during the 1990s, which is to say that the share of “non-regular” workers initially decreased and then increased, going up from 1 933 000 in the fourth quarter of 1997 to 1 961 000 in the same quarter of 1998. The statistical figures of “non-regular” workers are somehow misleading because a large number of temporary/daily workers have worked for more than one year. In the Labour Force Survey, any worker who didn’t receive severance payment, medical insurance or other benefits was regarded as “non-regular” even if his/her tenure is more than one year. This practice exaggerates the real scope of the “non-regular” work. Taking these workers into account would bring the share of “non-regular” workers to an estimated 26 to 30%. Secondly, self-employment is among the highest of OECD countries, stable at 27 to 29% during 1990s. Unpaid family workers make up for about 10% of overall employment, as shown in Table 6.

Changes in unemployment structure

Among the unemployed, there are twice as many male workers as female workers (see Table 7) because unemployed women are more likely to withdraw from the labour market after losing their jobs, while men, still traditionally the breadwinners in households, actively search for new opportunities. Figure 2 shows differences in unemployment rates between men and women during the 1990s. Before the financial crisis, the gap was relatively small, but it widened from 0.5 percentage points in 1997 to 2.0 percentage points in 1998.

Patterns of unemployment rates differ considerably by age. Labour force participation rates of the youth are considerably low by international standards, which can be ascribed to the fact that more than 80% of high school graduates go to tertiary school and that most students wholly concentrate on their studies and do not have part-time jobs. However, like in European countries, the unemployment rate of the youth are relatively high, as shown in Figure 3. This structural phenomenon may reflect a long job search process on the part of college graduates, whose parents support basic

needs. Skill mismatches between curricula and labour market demand may also induce serious school-to-work transition problems for many young entrants, especially female entrants who studied liberal arts in college. Compared with other age groups, the unemployment rate of the 60-and-over cohort has always been low, maybe due to the fact that older workers are more likely to withdraw from the labour market after losing their jobs.

One of the most important and least visible consequences of a deep recession is long-term unemployment (*i.e.*, over one year). Figure 4 illustrates how its rate has changed over time. From 1995 to the second quarter of 2001, it showed relatively little changes. Traditionally, it has been higher for men than for women and is positively correlated with education, which still prevailed after the financial crisis. Long-term unemployment appears to be much less of an issue in Korea than in other OECD countries.

Figure 5 illustrates the composition of unemployed workers by employment type of their previous job. During the reference period, more than 60% of the unemployed were either temporary or daily workers. This fact indicates the vulnerability of “non-regular” workers. After the financial crisis, the income inequalities measured by the Gini index worsened (see Figure 6), mainly due to a higher incidence of the unemployment of low-income earners and an increasing proportion of temporary and daily workers.

Labour shortage

Since the late 1980s, labour shortage for low-skilled workers has been one of the big issues in Korea. As seen in Table 8, the average labour shortage rapidly increased from 1.8% in 1985 to 4.3% in 1990. It was especially high for the low-skilled production workers in small firms. The following paragraphs try to determine its causes.

On the employer’s side, labour shortage was due to overheated demand. The accelerated economic growth over the 1986/88 period was the main reason for labour shortage in the manufacturing sector. The average economic growth rate over those years reached 11.5% and stabilised around 8/9% until 1996. On the supply side, the effects of entry on the market of the baby-boomers (born between the late 1950s and the early 1960s) ended. This change in the population structure implies that the labour shortage problem is not cyclical but structural.

The labour shortage, severe among blue-collar workers, small and medium-size firms and unskilled and semi-skilled workers, forced the government to change its policy towards migrant workers. Together with the overall tightening of the market, an important sectoral shift in employment took place from manufacturing to services and construction. From 1989 to 1991, employment in manufacturing increased at an average rate of only 1.9% while it increased in construction and services (14.7% and 5.7% in average respectively) due to the two-million housing unit construction project undertaken in 1989, a project that resulted in a transfer of workers from the manufacturing to the construction industries.

The labour shortage problem of low-skilled workers has been “solved” through the use of migrant workers. As shown in Figure 7, the labour shortage of production workers decreased when the number of migrant workers went up.

Development of a knowledge-based industry and shortage of highly skilled workers

With the development of knowledge-based industries (KBI), the demand for highly skilled workers is rapidly increasing in Korea. The Korea Labour Institute (2000) estimated the size of employment in KBI according to the following definition: KBI industries have an R & D expenditure greater than or equal to one third of their total revenue, a proportion of professional and technical workers greater than or equal to 20% of the total number of their employees, the same proportion of university or college graduate workers, and a minimum of 10% of science and technology-related professional and technical workers. Table 9 shows the trend in employment in KBI, which increased from 3 643 thousands in 1993 to 4 514 thousands in 1997, which corresponds to a 5.9% annual growth rate. Due to the financial crisis in November 1997, the employment in KBI decreased to 4 449 thousands in 1998, but it began to recover to 4 493 thousands in 1999. It now accounts for one fourth of total employment in the manufacturing – 21.5% (968 000) of total KBI – and service – 78.5% (3 524 thousands) – sectors.

As shown in the Korean Labour Institute forecast (Tables 10 and 11), even though the general employment growth rate is likely to decrease by 0.45% in the secondary sector, it will go up to 2.15% in the IT and high technologies manufacturing industries. In the service sector it was expected to reach 2.4%, among which 2.6% in knowledge-based services.

The Korea Labour Institute surveyed 2 192 firms employing 10 employees or more in 2000 in order to get information about their employment plans for the years 2000-2005. According to Figure 8, the employment growth rate during 2000-2005 period will be much higher in knowledge-based industries than in other industries, as will be the rate of highly skilled workers according to Figure 9. Figure 10 forecasts a 5.2% employment growth rate in the IT field (in particular software industries), which will be 2.5 times higher than the average rate in all industries.

The survey also announces severe labour shortage of IT and highly skilled workers (according to 44.7% of the responding businesses). Forty-three thousands more workers were needed in IT in 2000 and the additional labour shortage in IT industry up to the year 2005 is estimated at 142 000. In order to solve this problem, the government has increased the number of IT students in the departments of universities and colleges (with a total supply of 200 000 per year). As there seems to be a considerable skill mismatch in IT, it is not only the number of workers that urgently needs to be increased, but also their skill level. In order to encourage foreign IT workers to come to Korea, the government recently deregulated their immigration status.

Trends and policies in migration

In 1998 and 1999, the government offered subsidies to employers who replaced migrant workers by domestic workers, but very few employers applied to this programme. It seems that lower wages keep away domestic workers even though they are unemployed. As a result, there was no important change in immigration policies in 1998/99.

As the Korean economy began to recover, the number of migrant workers increased again in 1999. As of November 2001, there were 330 000 migrant workers (including trainees and undocumented workers) which accounts for 1.5% of total employment and 2.4% of total employees. Among the foreign workers in Korea, only 27 000 workers (8.2% of the total migrant labour force) have received a work permit. Language teachers represent one third of them. It is to be expected that the influx of migrant professionals will increase very fast as the government deregulated the immigration policy on IT workers in 2000. The government also deregulated most of the foreign

investment policies immediately after the financial crisis, in an effort to attract into Korea more professionals related to the foreign direct investment and portfolio investment.

Table 12 shows that the illegal immigration has recently increased very fast. As of November, 2001, the number of undocumented migrant workers totalled about 251 000 (75.9% of all migrant workers), of which about 51% came from China and another half were Chinese with a Korean ascendance.

As of November 2001, there are 52 000 industrial trainees (15.9% of the total number of migrant workers), who are employed in the medium-and small-size manufacturing firms as industrial trainees, and in the big companies as overseas investment related trainees. The number of trainees had also increased until 1997. After then it had once decreased in 1998 due to economic crisis, and increased since 1999.

Policies for unskilled migrant workers

The industrial training programme:

The Korean Immigration and Emigration Law does not allow unskilled foreign workers to enter Korea for employment purposes, except in the case of industrial trainees. The only way to enter Korea for the purpose of employment is to get a visa as an industrial trainee.

The globalisation of production of major Korean firms brought about a need to train foreign workers from overseas branches in their Korean factories, who would go back to work in their overseas branches. In November 1991, the government permitted this kind of training for one year. This was the beginning of the industrial and technical training programme.

Introduced in November, 1993, this programme allows medium and small-size companies in the manufacturing sector without factories abroad to employ foreigners as trainees. The Korean Immigration and Emigration Law does not allow unskilled foreigners to enter Korea as employees. In 1996, the programme was broadened to include the fishing and construction sectors (in which trainees are to return to their home countries after a maximum of three years).

The quota of industrial trainees was established at 20 000 in November, 1993, and it gradually increased to 30 000 in September 1994, 50 000 in May 1995, 70 000 in February 1996, and 80 000 in July 1996. Industrial trainee visas are now allocated to 14 Asian countries. Minimum wage is guaranteed to them and they are covered by the workers' compensation and health insurance systems. However, some labour rights such as the right to go on strike are not granted to them.

As the numbers of industrial trainees and undocumented workers keep augmenting, many challenging issues have appeared. Firstly, an administrative one: A doubt grew as of the Korean Federation of Small Business (KFSB)'s capacity to administer the fast increasing number of trainees, *i.e.* to offer job orientation and industrial safety orientation upon entry. The second issue was that many trainees either overstayed their visas or were found to move to other factories without permission. This issue raised the need for a stronger scheme of regulation of the unskilled workers immigration. As of November 2001, out of 114 327 migrant workers who had enter Korea as trainees, 61 869 people (54.1%) fled from the designated establishment.

Work permit after training

Even though industrial trainees are not treated as employees, the purpose of introducing the industrial training system was to solve the shortage of unskilled workers. Therefore, they have to be protected as workers (see Yoo and Lee, 2001; Lim and Seol, 2000, etc.). Many employers have asked the government to expand the quota of industrial trainees, so much so that on April 1, 2000, the authorities allowed industrial trainees to work as employees after two years of training. This is called “work permit after training”. As of November 2001, 7 480 trainees have received a work permit-after-training and are allowed to work as documented workers.

Administration of the training system

The policies for foreign unskilled workers and the quota of foreign industrial trainees are decided by the Committee for Foreign Workers’ Policy, which is chaired by the Prime Minister and composed of related ministers. The administration of the training system, such as the selection of the countries of origin and the quotas allocated to each country, is carried out by the Office for Small Business of the government. The foreigners’ trainee system for manufacturing firms without foreign affiliation is managed by the Korea Federation of Small Business (KFSB) with the aim of helping the small manufacturing sector by supplying unskilled labour.

Companies have to deposit KW 300 000 per trainee to the KFSB, a deposit that has to be given up if the trainee flees. Recruiting agencies also have to deposit USD 100 per trainee, which are held by the KFSB while the trainee stays in Korea. However, quite a few foreign trainees leave their companies, searching for higher wages.

Recent developments in the training system

On December 20, 2001, the Korean government announced a revision of the industrial training system for unskilled foreign workers. Firstly, the period of employment after the training has changed from “two years’ training plus one year’s employment” to “one year’s training plus two years’ employment” in February 2002 – which means that the total number of legal migrant workers and trainees could increase even if the quota of trainees remains unchanged. Thus, the industrial training system has taken its first step towards an employment permit system.

Secondly, in order to minimize the communication issues trainees may run into, only those who passed a Korean language test are to enter the selection process.

Thirdly, in order to develop a more transparent selection process, trainees are randomly chosen by computer among the pool of candidates. Until 2001, agents were selecting the trainees by sending country. From 2002, however, their role is only advisory.

Fourthly, employers who abuse trainees or migrant workers see their quota of trainees and migrant workers restricted or suppressed.

Fifthly, in an effort to encourage employment after training, the combination of a written test and a letter of recommendation from a future employer has been replaced by an oral examination.

Lastly, the government is about to implement various measures to control and punish undocumented migrant workers as well as their employers and brokers. The number of undocumented

migrant workers who escaped from training establishments will be taken into account in the quota of trainees for each sending country.

Attempts at introducing an employment permit system

Since the mid-1990s, there have been attempts at introducing an official employment system for migrant workers. In 2000, the government and the ruling party of Korea proposed a plan to turn the current training system into an employment permit system, which they hoped would bring about a better regulation of undocumented work.

However, because of a strong resistance on the part of employers, the plan has not been implemented. As the number of undocumented foreign workers is rapidly increasing, it is very urgent for Korea to reform the industrial training programme for foreign unskilled workers. According to a survey done by the author, the proportion of employers who support the employment permit system was only 39.6% among those employing industrial trainees. The share reaches 63.8% for those who do not employ trainees and 63.6% for those who employ undocumented migrant workers (Yoo and Lee, 2001). Thus, most employers are in favour of the employment permit system, except for employers currently employing industrial trainees.

Penalties on illegal migrant workers

Any foreigner who stays in Korea after his/her visa expires is subject to a fine of up to KW 1 million. The Korean immigration authorities determine the fines according to the length of the overstaying. Illegal foreign workers also have to pay for their return trip to their home countries.

Korean employers who hire illegal foreign workers are also subject to penalties. In October, 1996, the government toughened these sanctions in order to reduce the growing number of illegal foreign workers. They can be imprisoned for up to three years (one year before October, 1996) or be given a fine of up to KW 10 million (KW 5 million before October, 1996). They also have to pay the cost of the return trip of their foreign employees if they cannot afford it.

From January to March, 1998, the government has offered an amnesty programme to those who reported to the authorities; they were allowed to leave the country without paying fines. About 53 000 undocumented foreign workers left Korea under this programme so that their number decreased from 148 048 in 1997 to 102 489 in 1998. Many foreign trainees lost their jobs. From January to November 1997, 589 companies gave up 2 024 trainees, while 4 050 foreign trainees in 1 226 companies left their training companies from December 1997 to March 1998 (Park, 1998).

Policies for skilled migrant workers

The globalisation of the economy brought about an increasing demand for foreign professionals who could transfer their knowledge, skills and technologies to the Korean people. Furthermore, the free mobility of highly skilled workers provides a basis for the promotion of foreign investments. The government revised the Immigration and Emigration Law in 2000 to make things easier for foreign professionals and technicians wishing to work in Korea, who are now allowed to stay for an almost unlimited period of time. Procedures were simplified so as to issue the visas quickly. This “open door” policy to the professionals will be strengthened in the near future, as one-step service will be provided and the acquisition of nationality will be eased.

Until March 31, 2000, registered migrant workers were all professional and technical workers such as professors, researchers and entertainers. The visa status of documented foreign workers are divided into eight categories: professors (E-1), language teaching (E-2), research (E-3), technology instruction (E-4), professional jobs (E-5), entertainment (E-6), specific activities (E-7), and employment after training (E-8).

Concluding remarks

The government has tried to find more transparent methods to select migrant workers abroad. For this purpose, cooperation between sending and receiving countries and bilateral agreements are essential.

The recovery of the economy after the financial crisis and the sharp increase in undocumented immigration have brought about the issue of immigration again. In order to reduce illegal immigration of workers and develop an efficient employment and management system for migrant workers, Korea has tried to introduce the employment permit system, upon which, however, it has been difficult to get a national consensus to this day. Nevertheless, more and more people are agreeing that there is no other way to solve this issue. The changes in the industrial training system in December 2001 are the starting point of an in-depth reform of migration policies in Korea.

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Table 1. Summary statistics of the Korean economy (1988-2000)

Year	GDP growth Rate (%)	Inflation (%)	Per capita GNI (US dollar)	Trade surplus (USD in billion)	Service sector Employment (%)
1988	10.5	7.1	4 268	14.2	50.9
1989	6.1	5.7	5 185	5.1	52.3
1990	9.0	8.6	5 886	-2.2	54.4
1991	9.2	9.7	6 810	-8.3	56.4
1992	5.4	6.2	7 183	-3.9	58.5
1993	5.5	4.8	7 811	1.0	61.0
1994	8.3	6.2	8 998	-3.8	62.5
1995	8.9	4.5	10,823	-8.5	63.4
1996	6.8	4.9	11 380	-23.0	65.8
1997	5.0	4.5	10,307	-8.2	67.6
1998	-6.7	7.5	6 723	40.4	68.0
1999	10.9	0.8	8 551	24.5	68.6
2000	8.8	2.3	9.628	11.0	69.0

Source: Department of Finance and Economy.

Table 2. Population structure of Korea

	Mid-year estimated population (thousands)			Population structure (%)			Pop. Growth Rate (%)
	Total	Male	Female	0-14	15-64	65+	
1980	38 124	19 236	18 888	34.0	62.2	3.8	1.57
1985	40,806	20,576	20,230	30.2	65.6	4.3	0.99
1986	41 214	20,772	20,442	29.2	66.4	4.4	1.00
1987	41 622	20,960	20,662	28.2	67.3	4.5	0.99
1988	42 031	21 155	20,876	27.3	68.0	4.7	0.98
1989	42 449	21 357	21 092	26.5	68.6	4.8	0.99
1990	42 869	21 568	21 301	25.6	69.3	5.1	0.99
1991	43 296	21 784	21 512	25.3	69.5	5.2	0.99
1992	43 748	22 014	21 734	24.7	70.0	5.4	1.04
1993	44 195	22 243	21 952	24.3	70.2	5.5	1.02
1994	44 642	22 472	22 169	23.9	70.4	5.7	1.01
1995	45 093	22 705	22 388	23.4	70.7	5.9	1.01
1996p	45 545	22 939	22 606	22.9	71.1	6.1	1.00
1997p	45 991	23 170	22 821	22.4	71.3	6.3	0.98
1998p	46 430	23 396	23 033	22.0	71.4	6.6	0.95
1999p	46 858	23 671	23 241	21.8	71.4	6.8	0.92
2000P	47.275	23 831	23 443	21.6	71.2	7.1	0.89

Source: National Statistical Office.

Table 3. Major employment indicators (aged 15 and over)

	Economic Activity			Unemployment	
	Economically Active Population (thousands)	Labour Force Participation Rate (%)	Employed (thousands)	Unemployed (thousands)	Unemployment Rate (%)
1995	20,853	61.9	20,432	420	2.0
1996	21 243	62.0	20,817	426	2.0
1997	21 662	62.2	21 106	556	2.6
1998	21 456	60.7	19 994	1 420	6.8
1999	21 634	60.5	20,281	1 353	6.3
2000	21 950	60.7	21 061	889	4.1
2001 1/4	21 432	58.9	20,403	1 029	4.8
2/4	22 468	61.7	21 677	791	3.5
3/4	22 426	61.4	21 694	732	3.3

Source: Labour Force Survey, National Statistical Office.

Table 4. Industry composition of employment (%)

	A	M & M			Service			
		M			C	W	E	R
1980	34.0	22.5	21.6	43.5	6.2	19.2	7.3	10.9
1985	24.9	24.4	23.4	50.6	6.1	22.6	8.7	13.3
1990	17.9	27.6	27.2	54.5	7.4	21.8	10.7	14.6
1995	11.7	22.6	22.5	65.7	9.5	27.1	9.3	19.8
1997	11.3	21.4	21.2	67.3	9.5	27.5	9.5	20.9
1998	12.4	19.6	19.5	68.0	8.9	27.9	10.0	22.3
1999	11.6	19.9	19.8	68.6	7.3	28.2	9.8	23.3
2000	10.9	20.2	20.2	68.9	7.5	28.2	9.8	23.4
2001. 2/4	11.2	19.5	19.4	67.0	7.5	26.2	9.5	23.8

A: Agriculture, Hunting and Forestry.

M & M: Mining and Manufacturing.

M: Manufacturing.

S: Service Sector

C: Construction.

W: Wholesale, Retail, Repair, Hotels and Restaurants.

E: Electricity, Transport, Storage and Financial Service.

R: Real Estate and Other Services.

Source: Labour Force Survey, National Statistical Office.

Table 5. Occupational composition of employment (%)

	Legislators, Managers & (Associate) Professionals	Clerks	Service & Sales	Agricultural & Fishery Workers	Machine Operators, Assemblers & Manual Labourers
1994	15.4	12.2	21.6	13.0	37.8
1995	16.3	12.3	21.9	11.7	37.7
1996	17.0	12.3	22.5	11.1	37.1
1997	17.5	12.2	23.1	10.8	36.5
1998	18.7	12.1	23.7	11.8	33.7
1999	19.0	10.9	23.8	10.9	35.3
2000	18.8	11.2	23.9	10.2	36.0
2001. 2/4	18.6	11.8	26.1	10.6	32.9

Source: Labour Force Survey, National Statistical Office.

Table 6. Composition of employment by employment type (%)

	Wage Worker				Non-Wage Worker		
		Regular ¹	Temporary ²	Daily ³		Self-employed	Unpaid family worker
1990	60.5	32.8	17.5	10.2	39.5	28.0	11.4
1992	61.0	34.8	16.9	9.3	39.0	28.5	10.5
1994	61.9	35.8	17.2	8.9	38.1	27.8	10.2
1996	62.8	35.6	18.5	8.7	37.2	27.9	9.3
1997	62.7	33.9	19.8	9.0	37.3	28.3	9.0
1998	61.0	32.3	20.0	8.7	39.0	28.9	10.1
1999	61.7	29.8	20.6	11.3	38.3	28.8	9.5
2000	62.4	29.7	21.4	11.3	37.6	28.5	9.1
2001. 2/4	62.2	30.3	21.4	10.5	37.8	28.8	9.0

Notes:

1. Regular Worker: Worker whose contract term is either one year or more, or does not have any specific term.
2. Temporary Worker: Worker whose contract term is shorter than one year but longer than or equal to one month.
3. Daily Worker: Worker whose contract term is less than one month.

Source: Labour Force Survey, National Statistical Office.

Table 7. Composition of unemployment by gender, age and education (%)

		1997	1998	1999	2000	2001. 2/4
Total		100.0	100.0	100.0	100.0	100.0
Gender	Male	63.2	67.3	67.3	67.1	66.4
	Female	36.8	32.7	32.3	32.9	33.6
Age	15 – 19	7.6	5.9	6.3	6.9	6.6
	20 – 29	48.7	36.0	33.4	35.2	36.9
	30 – 39	20.5	24.6	24.2	22.9	22.1
	40 – 49	13.1	19.2	20.4	21.0	20.6
	50 – 59	7.2	11.1	12.0	10.6	10.9
	60 and over	2.7	3.2	3.6	3.3	3.0
Education	Middle school & below	21.4	28.1	27.3	26.1	23.5
	High school	55.2	52.4	52.7	51.0	48.9
	Undergraduate and over	23.6	19.5	20.0	22.9	27.6

Source: Labour Force Survey, National Statistical Office.

Table 8. Trends in labour shortage ratio (%)

	1990	1993	1995	1997	1998	1999	2000
Average	4.3	3.6	3.7	2.4	0.6	1.0	1.2
By type of worker							
- Clerical Worker	1.3	1.8	1.8	1.2	0.4	0.6	0.7
- Production Worker	6.9	6.0	5.8	3.5	1.0	1.6	2.0
By Skill Level of Production Worker							
- Highly Skilled	5.3	5.1	5.0	3.3	0.8	-	-
- Low Skilled	16.2	14.7	11.4	12.6	2.6	-	-
By Firm Size							
- 10-29	8.0	4.4	5.8	3.7	1.2	1.8	1.8
- 30-99	5.1	5.0	5.0	2.9	0.7	1.0	1.3
- 100-299	4.7	4.2	4.2	2.7	0.7	0.9	1.2
- 300-499	3.3	2.2	2.2	1.4	0.3	0.5	0.6
- 500 or more	1.8	1.7	1.4	0.8	0.1	0.1	0.3

Note: Labour shortage by skill level is not published from 1999.

Source: Ministry of Labour, Employment Forecasting Survey, each year.

**Table 9. Trend in employment in knowledge-based industries
(thousands, %)**

	1993	1997	1999
Total Employment in Manufacturing and Service Industry	16 426 (100.0)	18 693(100.0)	17 766 (100.0)
Employment in KBI	3 643 (22.2)	4 514 (24.2)	4 493 (25.3)
• Manufacturing	965 (5.9)	1 061 (5.7)	968 (5.5)
• Service	2 677 (16.3)	3 452 (18.5)	3 524 (19.9)

Note : Numbers in parentheses are the percentage of employment out of total employment in the manufacturing and service sectors.

Source : Korea Labour Institute (2000).

Table 10. Employment forecasting in manufacturing industry by skill level
(thousands, %)

	2000	2005	2010	Annual Growth Rate
IT & Highly Skilled	1 516 (36.0)	1 728 (39.4)	1 877 (42.6)	2.15
Semi-Skilled	1 065 (25.3)	1 079 (24.6)	1 027 (23.3)	-0.37
Low-Skilled	1 630 (38.7)	1 579 (36.0)	1 502 (34.1)	-0.81
Total	4 213 (100)	4 388 (100)	4 406 (100)	0.45

Source : Korea Labour Institute(2000).

Table 11. Employment forecast in service industry by skill level
(thousands, %)

	2000	2005	2010	Annual Growth Rate
Knowledge-based Service	4 050 (26.4)	4 637 (26.8)	5 235 (26.9)	2.60
Other Service	11 291 (73.6)	12 667 (73.2)	14 226 (73.1)	2.34
Total	15 341 (100.0)	17 304 (100.0)	19 461 (100.0)	2.40

Source : Korea Labour Institute (2000).

Table 12. Migrant workers in Korea by visa status

Year	Total	Legal stay			Illegal stay
		sub-total	Employed	Trainees	
1992. 12	73 868	8 340	3 395	4 945	65 528
1993. 12	66 919	12 411	3 767	8 644	54 508
1994. 12	81,824	33 593	5 265	28 328	48 231
1995. 12	128 906	47 040	8 228	38 812	81,866
1996. 12	210 494	81,440	13 420	68 020	129 054
1997. 12	245 399	97 351	15 900	81,451	148 048
1998. 12	157 689	58 152	11,143	47 009	99 537
1999. 12	217 384	82 046	12 592	69 454	135 338
2000. 12	285 506	96 511	19 063	77 448	188 995
2001. 11	330 194	79 438	26 980	52 458	250 756

Source: Ministry of Justice.

Figure 1. Growth rates of nominal and real wage

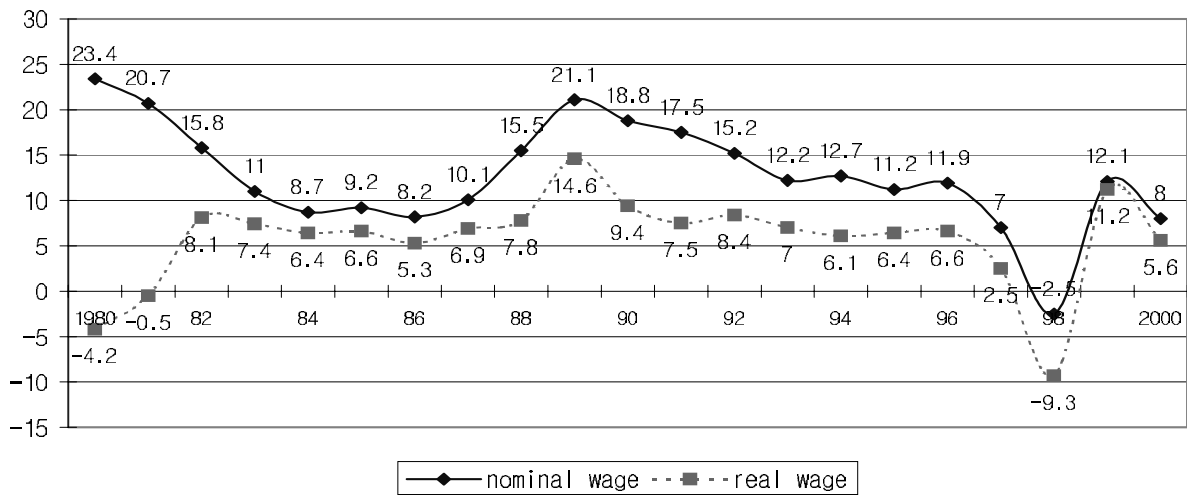


Figure 2. Unemployment rates by gender

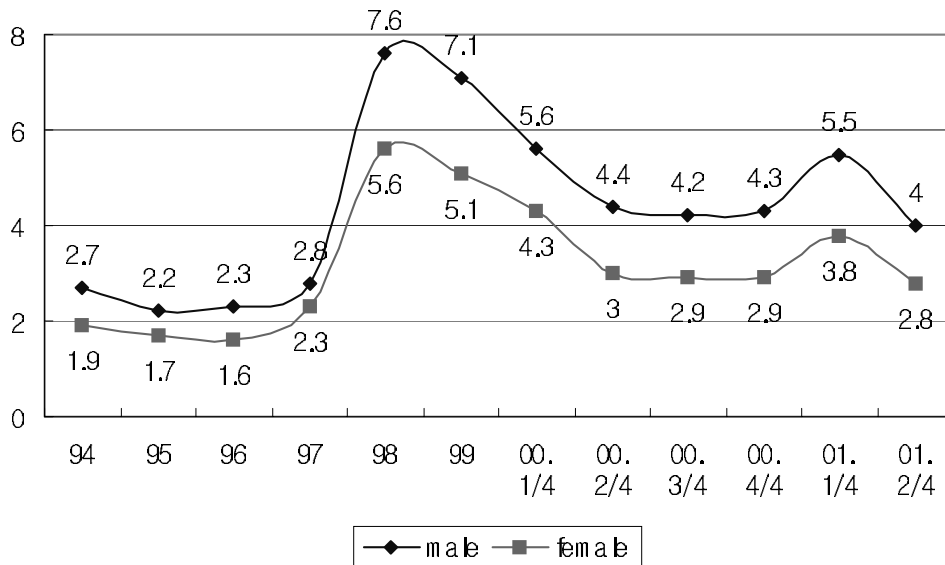


Figure 3. Unemployment rates by age (%)

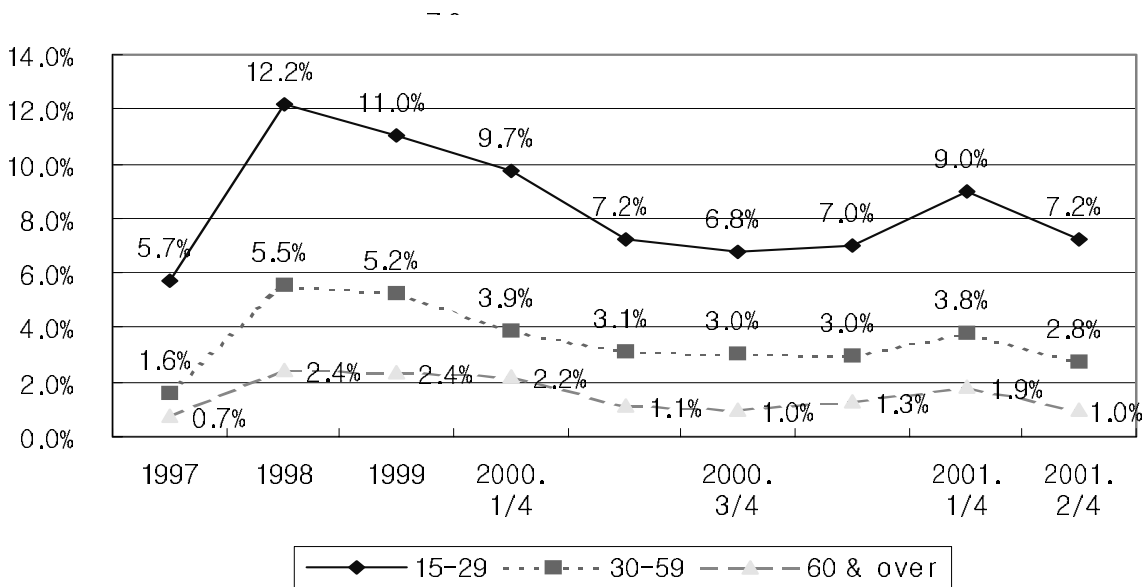


Figure 4. Incidence of long-term unemployment (%)

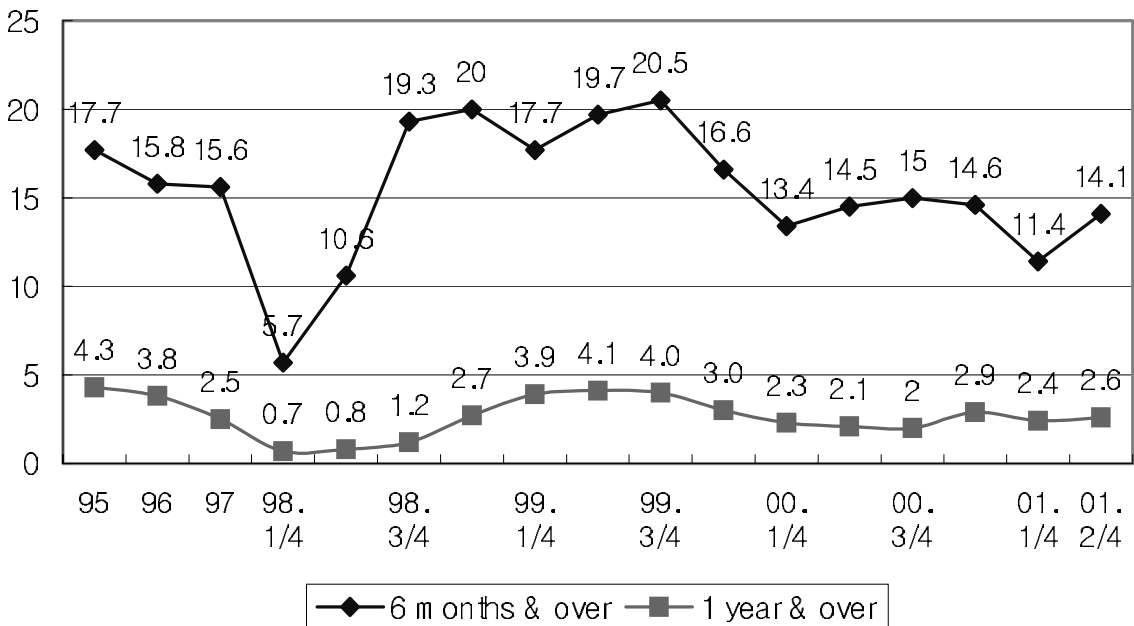


Figure 5. Composition of unemployment by employment type of previous job (%)

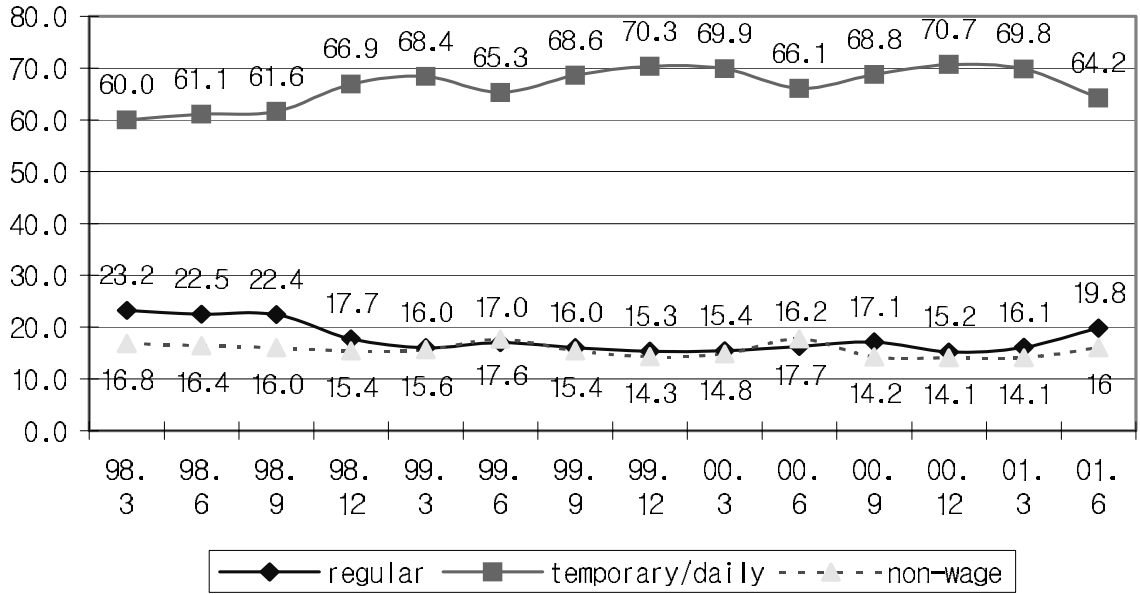


Figure 6. Trends in Gini Index

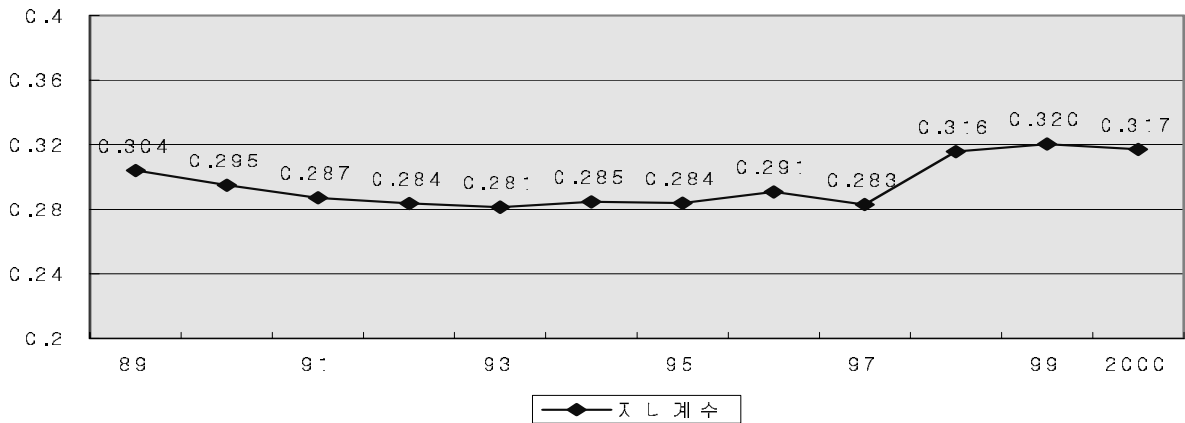


Figure 7. Labour shortage of production workers and unskilled migrant workers

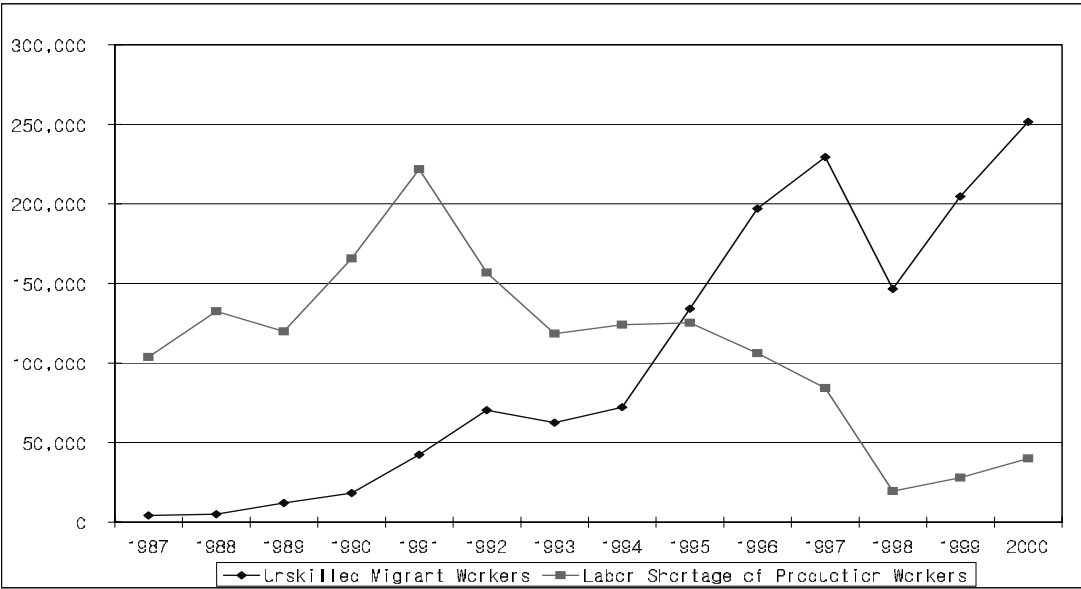
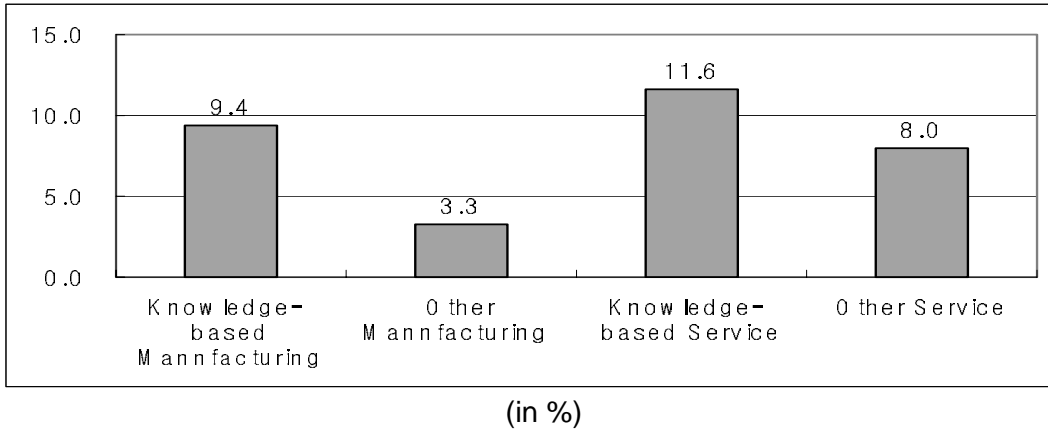
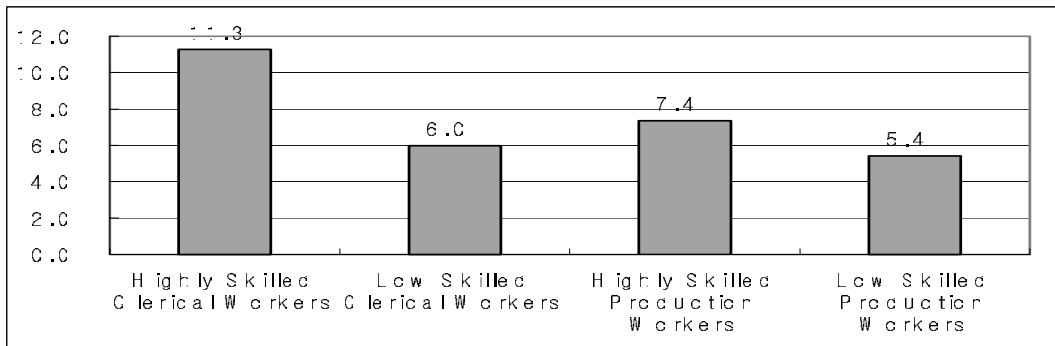


Figure 8. Employment growth rate by industry (2000-2005)



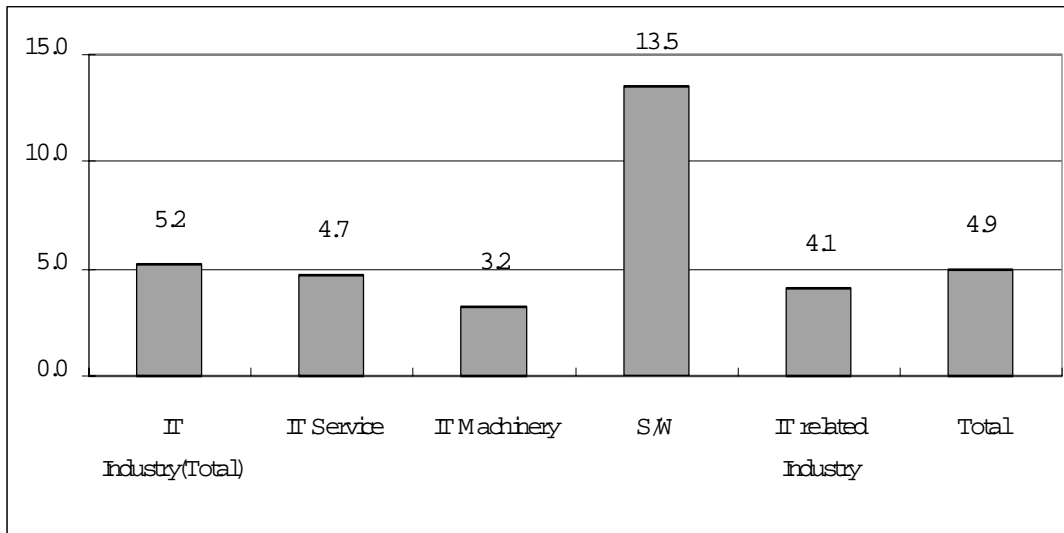
Source : Korea Labour Institute (2000).

Figure 9. Employment growth rate by occupation (2000-2005)
(in %)



Source : Korea Labour Institute (2000).

Figure 10. Annual employment growth rate in IT and related industry (2000-2005), (in %)



Source : Korea Labour Institute (2000).

ECONOMIC SLOWDOWN AND ITS IMPACT ON CROSS-NATIONAL MIGRATION AND POLICY ON ALIEN EMPLOYMENT IN MALAYSIA

by

Azizah Kassim

University of Malaya

Introduction

Malaysia entered the first year of the second millennium with cautious optimism. Although the economy has fully recovered from the 1997 financial crisis and has grown steadily for seven subsequent quarters, the government was apprehensive of prevailing economic slowdown among its major trading partners and the possible impacts this may have on the economy. Tabling the 2001 budget in Parliament in October 2000, the Prime Minister, who is also the Minister of Finance, predicted a single digit GDP growth of 7% for 2001 compared to 7.5 % for the previous year (Economic Report 2000/01, p. 7). The worse than expected performance of the global economy and subsequent external events, in particular, the September 11, 2001 terrorist attack on the United States, made this target impossible to achieve. The GDP charted negative growth by the end of the third quarter of 2001.

In this paper the author outlines some of the major features of the Malaysian domestic economy for 2001 and the impact of the economic slowdown on employment, cross-national workers and on the country's policy on the hiring of foreign nationals.

Domestic economy and labour market

Recent trends in the domestic economy

The sluggish industrial economy, especially of Malaysia's major trading partners – the United States, Japan, the European Union and Singapore – had an adverse effect on Malaysian economy. The depressed external demand, especially for electronic goods, which account for half of Malaysia's exports, not only led to a sharp decline in manufacturing output, it also caused slower growth in other sectors. However, the decline in manufacturing is offset by better performance in agriculture, construction and services.

To reduce the adverse impact of the fall in external demand, the government introduced fiscal and monetary stimuli to boost internal demand, both in the private and public sectors. In March 2001, the government announced a pre-emptive package of RM3 billion to increase public expenditure and again in September, another RM4.3 billion. This is to be disbursed for the purposes of, among others, infra-structural development, construction of low-cost and medium-cost housing, building of schools, community colleges, four universities and small rural projects [*New Straits times* (Business), 10 November 2001]. This accounts for the rise in performance of the construction/real estate sector.

In addition to public investment, steps were taken to increase disposable incomes and encourage public consumption by both tax and non-tax measures (Economic Report 2001/02, pp. 17-18). The former includes higher tax rebates which are designed to benefit 1.25 million tax payers, thus placing RM 434 million into the hands of tax payers. The latter includes a reduction in Employees

Provident Fund contribution from 11 to 9% of the employee's basic pay, removal of tax on credit cards, and for civil servants the introduction of a number of extra perks. To encourage the sale of automobiles, civil servants are allowed to apply for car loans every five years instead of seven years. Similarly, to stimulate the sale of properties, their housing loan eligibility is increased, and they are given exemption of tax duty in sale and purchase of properties, loans and transfer agreements, exemption of processing fee for purchase of completed properties by the end of 2001. In addition, the government also gave additional critical allowance for doctors, nurses, headmasters and school principals; incentive and meal allowances for personnel of armed forces and the police; and half a month bonus to be paid before the end of 2001, which released another RM 700 million to civil servants.

While public expenditure and consumption may have helped boost the economy, private sector investment and consumption remain weak. As a result the economy continues to slide as evidenced by the GDP growth, which fell to 3% at the end of the first quarter, far below the forecast figure of 7%. At the end of the second quarter, it went down further to 0.5% (*Bank Negara Quarterly Bulletin*, 2001, p. 77). By the end of the third quarter, growth was negative. The economic slowdown has repercussions on employment.

Recent trends in domestic employment

Employment remains largely in the private sector, which accounts for about 90% of jobs in the country for the last two years. It is in this sector that job expansion is expected to take place. However, in view of the economic slowdown, employment increase was minimal, *i.e.* around 1.5% until 2001 (see Table 2). Such expansion exhibits three major features. Firstly, employment in the agricultural, forestry and fishing sector continues to decline, a persistent trend since 1997. Secondly, growth in manufacturing fell drastically from 9.2% in 2000 to 0.6% in 2001. Thirdly, the real estate sector charted the highest growth rate at 3.6% due mainly to the fiscal measures alluded to earlier.

Contribution of the various economic sectors to employment, as shown in Table 2.1 follows a somewhat similar pattern as in 2000. Manufacturing continues to be the major contributor to employment, accounting for 27.4%; followed by wholesale, retail trade, hotel and restaurants (17.4%); agriculture, forestry and fishing (14.8%); and government services (10.6%). Mining remains the lowest contributor with 0.4%.

Unemployment and retrenchment

The rate of unemployment rose by 0.8% to 3.9% in 2001. The increase causes some concern; however, it is not considered a serious problem yet and Malaysia claims to be in a state of full employment. The increase in unemployment is believed to be largely a function of two types of mismatch. Firstly, jobs are not located where pools of labour are, and secondly, available jobs are not those required by job seekers, thereby giving credence to the accusation made by some employers – government bureaucrats and politicians – that Malaysians are too choosy about their jobs.

As shown in Table 2.2a, there has in fact been a slight increase (0.9%) in job vacancies between July 2000 and July 2001. However, the number of active registrants declined by 6.3%.¹ Over 60% of job vacancies in 2001 are in the state of Sarawak in East Malaysia, where the population is small and where the relatively low level of industrial and infra-structural development makes the state less attractive to job seekers. Other states with substantial job vacancies are in the Peninsula, *i.e.* in

¹. Not everyone who is unemployed is registered at the Manpower Department. The tables mentioned must be used only as an indication of the state of unemployment in Malaysia.

Selangor (5.9%), Johor (5.8%), Pulau Pinang (3.7%), and the Federal Territory of Kuala Lumpur (3.1%). These states are more developed and industrialised and Kuala Lumpur is the centre for administration and commerce.²

A comparison between Table 2.2a and Table 2.2b reveals a change in the number of active registrants and new vacancies between July and October 2001 and this change reflects the negative GDP growth by the end of the third quarter. The number of active registrants increased while that of new job vacancies plummeted from 70 394 in July 2001 to 13 081, a decline of over 81% in three months. Compared to October 2000, the number of registrants increased by 2.7% and new jobs fell by 15.8%.

Table 2.3 provides an indication of job shortage and job mismatch in the country. In October 2001, there were 13 031 job vacancies as opposed to 35 042 registered job seekers. Around 74.6% (9 770) of vacancies were in the “production and related” category, but the number of registered job seekers with interest in such employment was only 7 916, thus creating a labour deficit of over 1 954. The most sought after jobs were and still are in the clerical category – over 16 230 registrants vie for 677 vacancies. Other jobs with high demand are in the professional/technical and administrative/management categories. The least popular jobs are still in the agricultural sector.

Economic slowdown, especially in the manufacturing sector, has led to a number of retrenchment due to closures, restructuring, re-location to other countries or to other states in Malaysia, reduction in production, sale of companies and to the shift from manual to automation. In July 2001, a total of 32 339 workers were retrenched and by the following December, the number rose to 36 404, an increase of around 28% from the previous year. Over 87% of the retrenched were Malaysians and more than 54% were women. Retrenchment was highest in the manufacturing sector (75.5%). followed by wholesale, retail, hotel and restaurants (6.6%). The worst affected were the unskilled and semi-skilled category (44.3%), and the least in sales (1.9%) and agriculture (2.1%) (*Laporan Ringkas*, KSM, 11 December 2001).

Wage increase

Due to the poor performance of the economy and rising retrenchment, wage pressure is subdued. However, wage increase in the private sector was affected through 200 collective wage agreements which benefited a total of 57 047 workers. Average wage increase was 6.3%, 1.7% less than 2000. The highest increase took place in the services and transportation, storage and communication sectors, and the lowest in mining and quarrying. In the utilities sector (electricity, gas and water) wages remained stagnant (see Table 2.4). The increase, especially in export oriented manufacturing, is causing concern as it may lead to high production costs which, in turn, will make Malaysian products less competitive on the world market.

As this wage increase involves only 6.6% of the Malaysian workforce, it does not reflect the actual situation of wage movement in the country. Public service employees, who comprise 10.6 % of the workforce, did not enjoy any pay-rise in 2001 and had to be content with an annual bonus of half a month pay, which was 50% below what they received in 2000.

². The administrative center for Malaysia has been shifted in stages from Kuala Lumpur to Putra Jaya since 2000.

Migration

According to the latest Malaysian population census carried out in 2000, the foreign population in Malaysia was over 1.38 million, accounting for around 5.9% of the total population of over 23.27 million (see Table 3). It is unclear if the census includes illegal immigrants in the country; if not, the number of immigrants must be much higher.

As shown in Table 3, the foreign population is unevenly distributed across the country with more than half of the alien population residing in the East Malaysian states of Sarawak, Sabah and the Federal Territory of Labuan. The two latter states have a combined total of over 620 000 foreigners. Foreigners account for over 23.6% of Sabah's population and 21.6% of Labuan's. In 2001, the number of foreigners in the country may have increased.

The 2000 census also reveals that a substantial portion (over 23%) of the foreign population is not in the economically active age group. Over 20% are below 14 years of age and 3% above the Malaysian mandatory retirement age of 55 years. Thus only around 1.07 million are in the economically active age group and of these, only about 80% are registered as legal workers in 2001. The rest, around 200 000 are either unemployed or working illegally.

Foreign workers and employment

Foreign workers are allowed to work at the top level of the occupational hierarchy where local expertise is not available and at the very bottom, in jobs shunned by Malaysians. The former, the expatriates (*pegawai dagang*) and the latter, the semi-skilled/unskilled category (*pekerja asing*) are subjected to two different sets of rules and regulations and administered by separate bodies. It is difficult to determine the exact number of these workers in any particular year as the number of workers fluctuates daily due to new intake and termination of contracts.

The semi-skilled and unskilled foreign workers

Figure 3.1, which refers to those in the semi-skilled and unskilled category, offers estimates which have been collected from various official sources, such as the Ministry of Human Resource, the Department of Immigration, the Ministry of Home Affairs and FOMEMA (the medical body entrusted with the medical examination of foreign workers). It must be emphasised at the outset that very often figures given by different sources or by the same source at different times, are not in conformity with each other.

Based on the estimate in Table 3.1, in July 2001, there were over 807 000 legally employed semi/unskilled alien workers in Malaysia. The number seems to have declined by 45% between 1997 and 2000 due largely to measures taken by the government to reduce foreign workers in the wake of the financial crisis. However, by July 2001, their number appears to be on the rise again in spite of the sluggish economic growth.

In the Peninsula, over 89% of the 691 032 foreign population are legally employed; in Sabah and the Federal Territory of Labuan, the percentage of working population is very low, *i.e.* over 15.7%, thus raising question about the status of the rest of the population. In the state of Sarawak, the situation is even more puzzling. The number of foreign workers, *i.e.* 88 120, far exceeds the total number of foreigners (62 738) in the country as shown in the 2000 population census.

Table 3.2 shows the nationalities and job sectors of the foreign workers in 2001. The Indonesian presence remains predominant; they form over 73.6% of the total legal foreign work force.

In spite of the ban on the recruitment of Bangladeshis – except for “exceptional cases” (*kes tertentu/khas*) – imposed in the later half of the nineties, their number is still relatively high (17.5%). The involvement of other Association of Southeast Asian Nations (ASEAN) countries is minimal, the largest being the Philippines with 1.9%. The “others” category covers a range of countries such as Myanmar, Cambodia, Nepal, Sri Lanka and India.

Foreign nationals are engaged in several job sectors as designated by the government – manufacturing (especially in export-oriented factories), plantations, domestic and other services and construction. Manufacturing is the largest user (30%) of foreign workers followed by plantations (25.5%) and domestic services (20.4%). The term “plantation” is a misnomer as it also often includes aqua-culture and animal husbandry. Except for domestic services, job types in each sector are varied and so is the level of remuneration.

Expatriates

The number of expatriates is estimated at around 31 949 in November 2001, a decline of over 20% (2000: 40 221). Expatriate workers can be recruited from any country, except Israel and Montenegro; hence, expatriates in Malaysia come from about 107 countries. But the majority (around 70%), as shown in Table 3.3, are from Asian countries, in particular Japan and India. The prominence of the Japanese is due mainly to their relatively large investment in the country and that of the Indians to their expertise in the information and communication technologies (ICT). The latter is preferred to other ICT experts as they do not demand what many calls “excessive pay” by Malaysian standards. The number of expatriates from developed western nations is relatively small due to the large pay differentials for management, administrative and technical expertise between these countries and Malaysia as well as the low value of the Malaysian ringgit.

In terms of job sectors, most of the expatriates are in manufacturing (46.1%) followed by services (36.4%) and construction (5.4%). In manufacturing, they are generally top management officers in multi-national companies owned by their nationals or highly-skilled technicians with competency in maintenance and repair of production equipment. In the service sector, they are engaged in a variety of jobs, from bankers and consultants to highly qualified medical and nursing experts. Expatriates, especially those who work for Malaysian organisations, are expected to affect technology transfer to local workers by training their understudy so that on their departure Malaysians can replace them. This, however, is seldom done.

Emigrants and employment patterns

As evidenced by studies of migration experts in other countries, such as Hugo (2001), Iguchi (2001), Mani (1995), Tsay (1995), and Sazaki (1990), to name just a few, thousands of Malaysians reside and work overseas. Various newspaper reports also provide information on them. For example, a national daily reveals that about 40 000 Malaysians are employed in neighbouring Singapore in 2001, engaged mainly in manufacturing, construction, ship-building and domestic services (*Berita Harian*, 26 July 2001). A large number are commuters travelling to and from the Republic everyday. Some have now been retrenched. Another report in a local daily shows that around 2 500 Malaysians are working in Papua New Guinea (*The Borneo Post*, 28 June 2001). In spite of the large number of its citizens abroad, Malaysia neither keeps records on emigrants nor monitors their employment activities. Most Malaysians working overseas went initially either as students or tourists. In the latter case, they overstayed and work illegally in semi-skilled and unskilled jobs. The former are most likely to work, after their graduation, in skilled and professional jobs.

The Malaysian government is fully aware of the large presence of its nationals overseas and is keen to lure some to return, in particular those with expertise very much needed in Malaysia. To achieve this, the Ministry of Human Resources initiated a special programme in 1999, referred to in short as the Expatriate Programme, offering a number of incentives for those who return, which include tax exemption on personal effects (such as two luxury cars) brought in, permanent resident status for foreign wives and children within six months of their return, etc. Until December 2001, there were only 393 applications and of these only 127 were approved.³ Most of the applicants, with expertise and experience in finance, ICT, medicine and others, are from the United States of America, United Kingdom, Australia, Hongkong and Canada. These applications are subjected to close scrutiny to avoid possible abuse. There is no equivalent programme to woo back the unskilled and semi-skilled workers abroad.

Illegal immigration

The terms “illegal immigrants”, as officially defined in Malaysia, as alluded to by the author in an earlier paper (Kassim, 2001b), refer to over-stayers, contract defaulters, pass abusers, undocumented workers and their non-working retainers (children, etc.). Their number is difficult to determine. The only way to evaluate it is to examine official records of their arrest, apprehension and detention. Table 4 shows that over 2.25 million illegal aliens have been identified and apprehended under the various programmes and operations carried out by the relevant authorities between 1992 and 2001. These figures represent only a fraction of their total number, as it is generally believed that not all illegal aliens are apprehended and that for every one apprehended there may be one or two who got away.

As indicated in Table 4, since 1992, many programmes have been devised to identify and apprehend illegal immigrants which include the establishment of Ops Nyah I and Ops Nyah II, voluntary repatriation scheme, regularisation exercises; and, since year 2000, keeping tabs on run-away contract workers and those with expiry work permits. Of these, the most important are Ops Nyah I and Ops Nyah II. Both are on-going operations, the former to stop illegal incursion at the sea and land borders and the latter to root out illegals already in the country. The activities of these programmes seem to be inversely related with the state of the economy; in lean times their activities are accentuated and more illegals are apprehended and sent back. Conversely, when the economy is doing well, only Ops Nyah I and Ops Nyah II are in operation. Since 1997, the number of arrests made under the Ops Nyah exercises has increased. Between January and November 2001, around 87 461 illegals were nabbed under Ops Nyah II, an increase of over 11% from the previous year. Heightened activities under Ops Nyah II partly account for the low number of arrests at the border under Ops Nyah I, *i.e.* around 9 103, which is lower than the previous year. Foreigners may be reluctant to enter illegally if they know their chances of being arrested on Malaysian soil are high.

It must be stressed, however, that the activities under Ops Nyah I and Ops Nyah II are constrained by a number of factors. Of these, the most important are the limited space at the 13 immigration detention camps in the country and bureaucratic delays caused by official representatives of the respective countries of origin in processing and identifying the detainees before they could be given travel papers for deportation.

In terms of job distribution, illegally recruited and undocumented foreign workers are engaged in similar jobs as the legally recruited workers. However, they are more likely to be employed in jobs that are performed in areas not easily accessible by enforcement officers, such as in large

³. Interview with Puan Rohani Abdullah, Ministry of Human Resources, Putra Jaya, on 3 January 2002.

estates in remote areas, in construction or domestic services, or as cooks in restaurants. Illegally recruited and undocumented foreign workers are preferred by some unscrupulous employers because they are captive workers and are cheaper to hire than legal ones. Some illegal and undocumented foreign workers are also self-employed, especially in petty trading.

Remittances to home countries

For 2001, no official estimates on remittances by foreign workers in Malaysia to their homeland are available. The only mention of such remittances in official documents accessible to the author is in the Economic Report 2001-2002 which makes a very general reference to the subject. The report states, “[...] while the transfers account deficit continue to widen as a result of higher remittance by foreign workers” (p. 32). In earlier years, official estimates put the amount at RM 4.1 billion in 1994, RM 6 billion in 1997, and RM 3.2 billion in 1998. No estimates are available for the subsequent years and in view of the above statement, one can only assume the amount is “higher” than RM 3.2 billion. As these estimates are based on transactions made through official channels, they represent only a fraction of the transfers actually made. It is widely known that foreign workers, especially from Indonesia, have their informal mode of sending money home to serve families who have no access to banking facilities in the home country.

Malaysia also receive remittances from its workers abroad. In the state of Johor, for example, the Chief Minister of the state is reported to have said that Malaysians from Johor working in Singapore bring in about RM 336 million a year (*Berita Harian*, 26 July 2001). No official estimates on remittances from other countries are available, probably because the amount concern would be very low.

Social integration of foreigners

As alluded to in my earlier papers (Kassim, 2000 and 2001*b*), Malaysia views the employment of foreign workers as a temporary measure and as such has no specific plans to integrate these workers with the local population. However, their integration, *i.e.* their rights at the workplace and access to social amenities and interactions with the locals will be discussed here.

- *The unskilled/semi-skilled category.* In theory, this category of workers, subject to contract signed between them and their respective employers, are to enjoy the same wages and benefits as local workers. But as explained in the earlier papers (Kassim, 2000 and 2001*b*) the implementation of such rights leaves much to be desired due to a number factors, chief of which is poor enforcement. However, they are not allowed to participate in unions and their employers are no longer required to make contributions to the Employees Provident Fund (EPF)⁴ for them, a scheme which is mandatory for local workers. Common complaints by foreign workers lodged at the Manpower Department include sub-standard housing, inadequate medical facilities, non-payment of wages, denial of paid leave and right to overtime pay, and excessive working hours; and, in the case of domestic helpers, physical and mental abuse and confinement.

Outside the workplace there are no restrictions on the movement of foreigners but they are expected to observe local laws and refrain from any form of legal infraction. A nominal fee is imposed on them for use of social services, such as medical services at government clinics and hospitals and schooling for their children.

⁴. In early 1998, it was made compulsory for employers to make a monthly EPF contribution of RM 5 per foreign worker employed. This was abolished in 2001.

- *Expatriates*: As for expatriates, the terms and conditions of their service are usually very favourable and, in some cases, higher than what is offered to local workers. These workers are usually well taken care of by their employers with respect to emoluments, medical facilities, leave, housing, etc. and are least likely to use local social amenities. In short, they are not seen as a possible burden to the government. Perhaps the only criticism some locals have about them is the involvement by some in property speculation, especially housing in urban centres which imposes stiff competition for relatively low paid Malaysians.

Policy changes on immigrants and immigrant workers

In view of the current economic slowdown, minor adjustments have been made with regards to the policy on the hiring of foreign workers in 2001. The maximum period for a foreign employee in the unskilled and semi-skilled category to work in Malaysia has been reduced further from five years to three years, a move which may have been designed to discourage foreigners to work in the country. The new ruling received strong criticisms from employers and trade union leaders for two reasons. Firstly, in view of the high cost of recruitment, a short working period will cause substantial losses to both employers and employees. Secondly, it makes skill acquisition among foreign workers impossible and this may affect the quality of production (*New Sunday Times*, 18 November 2001). The expatriates, on the other hand, have had their minimum work duration increased from two to three years.

Due to a series of misdemeanours and felonies by foreign workers, especially Indonesians, in 2001, there are talks of some amendments to the policy on foreign workers, at least in respect of source countries. These incidents include the break-out at the Semenyih camp, riots and attempted arson at the Macap Umbu camp in Melaka on 16 October 2001 and at the Pekan Nenas camp in Johor on 4 December 2001, where fighting among inmates in one of the blocks led to fights against the guards and burning of the premises. And very recently, in mid January, 2002, about 450 Indonesian workers at the Hualon Textile factory in Nilai, Negeri Sembilan clashed with the police during a urine testing exercise to identify drug addicts among the factory workers (*New Straits Times*, 23 January 2002). The clash not only impeded police work but also destroyed three police vehicles and other properties; it is viewed with much rage and anger by the local population and authorities alike. As a result, the Malaysian Prime Minister is seriously considering reducing intake of workers from Indonesia and sourcing workers from other countries.

Trends in overseas employment placement services

The mode by which foreign workers enter the Malaysian workforce takes various forms depending on the types of job sectors involved. Expatriates working for multi-national corporations, be they manufacturing concerns, banks or foreign financial agencies, for example, are usually sent to the country by their head office. Others are recruited by local organisations in need of their services and this is usually done through advertisements; their recruitment seldom require the services of placement agencies.

It is the semi-skilled and unskilled workers who often require the services of placement agencies. There are 591 active private employment agencies in the country but only 200 are licensed to recruit foreign workers, *i.e.* domestic workers only. The recruitment of other types of workers is done by the prospective employers with the help of placement agents in the source countries.

Not all prospective employers of domestic helpers use the services of employment agencies. Many of those recruiting maids from Indonesia do so through their informal networks of friends and

relatives by using “calling visa” which proves to be less costly (*e.g.*, a fee of around RM 1 500 for a maid from Sumatra compared to RM 3 500 through employment agencies) and faster. The use of informal networks has led to the proliferation of informal employment agents, *i.e.* those who are not registered with the Labour Department. The activities of these “illegal” agencies have adversely affected the businesses of registered agencies and this has led to complaints by the latter.

Many problems relating to employment of foreign maids are attributed to placement agencies. In many cases, they do not adhere strictly to the official ruling on recruitment. For example, medical examinations in the sending countries are not properly done. As a result, many of the maids are found to be suffering from some kind of disease once they are in Malaysia and have to be sent back, thus causing considerable losses to the employers and the maid themselves. Many placement agencies also do not have training facilities for maids and often deliver untrained and inexperienced workers. Worse, many of the agencies are partly responsible for abetting abuse of work passes by delivering domestic helpers to prospective employers who require workers for other purposes such as launderette operators, hair-dressers, helpers in retail shops, cooks in restaurants, helpers at fish stalls, etc. Such abuse is rampant in the urban areas due partly to the relatively high cost of levy for workers in the general service sector, *i.e.* RM 1 200 per annum compared to RM 360 for domestic helpers. The mismatch between jobs offered and jobs sought and the exploitation that accompanies such malpractice contribute to the high number of run-away maids.

Trends in job creation policies

The major challenge for Malaysian economic planners now is to overcome the mismatch between labour and job location and between job types and the requirements of job seekers. Many seem to believe that the answer to this is to go for a knowledge-based economy or the “K-economy”, as it is widely known. Since the mid-nineties several measures have been taken to achieve this objective and the first step was to establish the Multimedia Super Corridor (MSC) in a designated area in Selangor, near the new administrative capital Putra Jaya. Following this, attempts were made to woo foreign companies to come and by 2001, about 563 companies had registered with the MSC of which “40 are world class companies” (Economic Report 2001/02, p. 19). The hope is for these companies to set up operations in Malaysia and to create high technology jobs, especially those that are related to the information and communication technologies (ICT). This is reminiscent of the seventies when Free Trade Zones were established in some sections of the country and multi-national corporations were invited to come to set up manufacturing operations. Only this time, jobs expected to be created are of the high technology category. Until 2001, about 14 438 jobs have been generated at the MSC, of which over 82% are “knowledge-workers”.

The shift to K-economy means phasing out labour intensive industries, and this is perceived as one way of reducing dependency on foreign workers. In line with this objective, measures have been taken by many quarters to increase the number of educated and skilled workers. These include the expansion of higher education, which saw 4 more universities and 400 community colleges being built in 2001 (*New Straits Times*, 7 December 2001). A computer literacy campaign is actively pursued and the government amended the EPF (Employees Provident Fund) Act, so that contributors can borrow from the Fund to enable more accessibility to computers by students and workers and to achieve the “one family one computer” target. To complement this the Ministry of Human Resources has taken steps to expand its facilities for industrial training schemes, offering long-term programmes for students to acquire skills in a host of technology-related courses which include, among others, information technology, industrial automation, electronic engineering, computer engineering, etc. It also caters for short courses for students or for upgrading of workers’ skills and for re-training of retrenched workers under the Human Resources Development Fund (HRDF). The main objective is to produce well-trained high technology workers.

Latest research/statistics on international migration

There are a number of small-scale researches carried out by students and by the academic staffs of local universities, especially at Universiti Malaysia Sabah, Universiti Malaya, Universiti Teknologi Malaysia and Universiti Sains Malaysia. These are funded by the universities concerned or by government funding such as the IRPA (Identified Research Priority Areas) at the Ministry of Environment, Science and Technology. Such studies are anchored in various disciplines – history, geography, anthropology, sociology, economics, international relations and medicine. Much of the results of these studies remains unpublished.

In addition, two studies are carried out by the authorities, *i.e.* the Federal Special Task Force in Sabah and by the Ministry of Human Resource. The former conducted a statewide survey on the socio-economic status of immigrants in Sabah in mid-2001. The results of the study are yet to be released. The latter, carried out in Johor, focuses on workers retrenched from Singapore. The results of this study have not been made public either.

International co-operation on international migration

At the governmental level, apart from government to government MOUs with source countries to recruit labour, international co-operation on international migration is focused largely on border-control to stop the flow of illegal immigration into Malaysia from Thailand in the north of the Peninsula, from Indonesia into the Peninsula and from the Philippines and Indonesia into the two Malaysian states of Sabah and Sarawak.

The continuous illegal in-flow of Filipinos from the southern islands of the Philippines into Sabah seems to have created unease in the relations between the two countries. In early 2001, the Philippines announced that it would not welcome Filipinos repatriated from Sabah, unless they had been verified and issued travel papers by the Philippine official representative in Malaysia. This caused enormous problems for both the illegals and the Sabah authorities as such verification is difficult to obtain without a Philippine Consulate in Sabah. The political turmoil in the Southern Philippines in November 2001 is believed to have increased illegal in-flow into Sabah, as evidenced by the capture of Nur Misuari, the ex-Governor of the Muslim Mindanao Autonomous Region and his followers. Close co-operation between Kuala Lumpur and Manila has helped to alleviate some of the attendant and ensuing problems.

Policy making process on immigrants and foreign workers

Ministries involved in policy-making processes

Decisions on any policy matters involve the Malaysian Cabinet, which is headed by the Prime Minister. In the case of policy on foreign workers (unskilled/semi-skilled category), before any proposal is being brought to the Cabinet, it must first be discussed by a special committee called the *Jawatan Kuasa Teknikal Pengambilan Pekerja Asing*, (Technical Committee for the Recruitment of Foreign Workers), which is based in the Ministry of Home Affairs. Ministries and agencies involved include:

- Ministry of Home Affairs
- Ministry of Primary Industries
- Ministry of Agriculture
- Ministry of Human Resources

Ministry of Trade and Industry
Department of Immigration
Department of Manpower
Construction Industry Development Board (CIDB)

As for the policy on expatriate workers, ministries and agencies involved in policy proposals are:

Ministry of Education
Ministry of Trade and Industry
Ministry of Health
Ministry of Domestic Trade and Consumer Affairs
Ministry of Finance
Malaysian Industrial and Development Authority (MIDA)
Construction Industry Development Board (CIDB)
Bank Negara Malaysia
Public Service Department
Multimedia Development Corporation Sdn. Berhad.
Department of Immigration

Co-ordination between agencies

For the semi-skilled and unskilled workers the Technical Committee for the Recruitment of Foreign Workers brings together representatives from the various ministries and related departments mentioned above. In the case of expatriate workers each Ministry or relevant agency (such as Bank Negara) decides on the types and number of skilled foreign workers required. Application by prospective expatriate workers who do not come under the jurisdiction of any of the agencies mentioned above, will be deliberated by the Expatriate Committee, comprising representatives from these agencies (see Table 5).

Outline of policy making process on immigrants and foreign workers

Public opinions and pressure, especially from within, play an important role in shaping policy on immigrants and foreign workers in Malaysia. Sometimes the pressure, through criticisms from the public or opposition parties, is so strong that a regulation or ruling proposed by the government has to be dropped or amended. Two cases will help to illustrate this point.

Firstly, the ban on the importation of Bangladeshi workers in 1997: the ruling was introduced after strong public condemnation of Bangladeshi male workers following a bloody clash in mid-1996 between them and local youths in Johor Baru, the capital of the southern Malaysian state of Johor, where a large number of Bangladeshis are employed in the manufacturing sector. The clash, it was alleged, was caused by antagonisms harboured by local youths against Bangladeshi men whom they accused of dating and having liaisons with local women. For days the national and local dailies and electronic media carried reports of the clash as well as opinions and debates regarding the issue. This, in turn, triggered other such incidents elsewhere in the Peninsula. "Bangla bashing" became the order of the day and the foreigners were blamed for these incidents.

Secondly, the proposal by the government to make it mandatory for employers to contribute to the Employees Provident Fund (EPF) for foreign workers in late 1997: While the proposal was

lauded by trade unions, it was strongly opposed by employers' unions such as the Federation of Malaysian Manufacturers (FMM), the Malaysian Employers Federation (MEF) and Malaysian Agricultural Producers Association (MAPA), who claimed that it would increase production costs. The government had to amend its proposal to accommodate these objections. It concurred with employers' suggestion that their contribution for each employee be reduced to a token of RM 5.00 a month and not 11% of the employee's basic pay. This contribution was scrapped in 2001.

Amendments made to the 1959/63 Immigration Act, such as the introduction of section 55A, 55B and 55C, made effective in 1998, were induced by public concerns about the increase in the number of illegal aliens and the negative impacts they have on the local economy, security and politics. Such concerns were debated and aired via various channels such as in the print and electronic media, at political party meetings, in public and academic forums and conferences, in Parliament by the people's representatives, and in the Malaysian Senate. It took a number of years for the amendments to be made.

Key elements affecting policy making

As proposed by Weiner (1995), immigration policy is no longer simply a domestic issue, mainly of up-holding sovereignty. It can also be influenced by external forces and by the presence of the immigrants themselves. This is very true in the case of Malaysia where immigration policy is shaped by the state of the economy, security considerations and diplomatic relations. These may include the following:

- Demand for workers by employers which may rise and fall depending on the state of the economy;
- The rate of unemployment among locals;
- The size of illegal aliens in the country and the rate of illegal infiltration by foreigners;
- Legal infraction by immigrants which includes their involvement in serious criminal activities, illegal purchase of Malay Reserve land and illegal construction of houses and squatting on state land;
- Socio-cultural infractions by immigrants such as having liaisons with local women or men and abandonment of spouses and children on their return to the home country;
- Pressure from interest groups such as employer's association, trade unions, women and human rights groups from within and outside the country.

Outlook for economic and migration policy

There is a strong belief among decision makers in the government that the Malaysian economy has strong fundamentals and that it can weather the negative impacts of economic slowdown among its major trading partners with fiscal and financial measures designed to boost internal demand. Based on this optimism, the GDP is expected to improve from negative growth to around 4.5% in 2002. Such growth means the need for foreign labour will be sustained.

The economic slowdown in year 2001 appears to have no negative impact on the use of foreign nationals. In fact, the number of foreign workers underwent a slight increase although unemployment rose by 0.8%. The use of foreign nationals is expected to persist unless and until local

workers cease to be choosy about jobs, up-grade their skills and are willing to travel where jobs are. It is uncertain if the move to K-economy will reduce the number of foreign workers, let alone remove them altogether, as no matter how advanced an economy is technologically, there are always jobs which cannot be taken over by machines or automation.

However, despite the fact that foreign workers will be in the country for a long time yet, Malaysia is expected to continue to view foreign labour employment as a temporary measure. By doing so, it can get rid of excess alien labour when the economy is weak and recruit more when the economy strengthens, while at the same time absolving itself of their reproduction costs as well as of their maintenance when they are incapacitated or no longer economically active. Malaysia will merely adjust its policy from time to time to accommodate changing socio-economic situations and pressure from interest groups within and outside the country.

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Table 1. Principal economic indicators(1999-2001)

	1999	2000	2001 ¹
(a) GDP growth (% , 1987 prices)	5.8	8.3	2.0
(b) Domestic Demand (% growth)	1.0	19.5	7.1
(c) Exports:			
Value (RM million)	321 181	373 307	333 789
% of GDP			
(d) GNP growth (current prices) (%)	3.8	5.9	2.5
(e) Current Account Balance:			
Value (RM million)	47 902	31 959	25 070
% of GNP	17.1%	10.2	7.9
(f) Total investment	N.A.	N.A	N.A
(g) Domestic investment (RM million)	N.A.	N.A	68 330 ²
(h) Foreign Investment:			
Value (RM million)	12 274	19 848.5	13 430.9
No. of approved projects	421	523	337
(i) Producer Price Index (PPI)	-3.3	131.8	134.2
(j) Consumer Price Index (CPI)	2.8	120.7	122.3
(k) Exchange rate (US1)	3.80	3.80	3.80
(l) Per capita GNP (at current prices (RM))	12 305	13 441	13 333
Percentage Growth	1.4	9.0	-0.6
(m) Increase in real wages (%)	-1.7	12.9	4.5

Notes: 1. Between January and July.
2. Private investment of RM 18 183 million + Public investment of RM 50 147 million.
N.A. = Not available.

Source: Economic Report 2000/01 & 2001/02, various pages.

Table 2.1. Employment by sector (1997-2001)

	1998	1999	2000	2001*
Agriculture, Forestry & Fishing	16.3	15.8	15.2	14.8
Mining	0.5	0.5	0.4	0.4
Manufacturing	26.5	27.2	27.6	27.4
Construction	9.4	9.2	8.1	8.2
Electricity, Gas & Water	0.8	0.8	0.8	0.8
Wholesale & Retail Trade, Hotels & Restaurants	16.7	16.6	17.1	17.4
Finance, Insurance, Real Estates & Business Services	4.9	4.8	5.5	5.7
Transport, Storage & Communications	5.1	5.1	5.0	5.1
Government Services	10.2	10.0	10.6	10.6
Other Services	9.7	9.9	9.7	9.6
Primary Sector	16.8	16.4	15.6	15.3
Secondary Sector	35.9	36.4	35.7	35.5
Tertiary Sector	47.3	47.2	48.7	49.2
Total %	100	100	100	100
Total Number (000)	8 564.1	8 741.0	9 291.2	9 411.1

Note: * Estimate.

Source: Economic Reports 1998/99, 1999/2000, 2000/01 & 2001/02.

Table 2.2a. Malaysia: comparison of active registrants and new vacancies by state (July 2000-July 2001)

	Active Registrants*			New Vacancies		
	July 2000	July 2001	Change (%)	July 2000	July 2001	Change (%)
<i>State:</i>						
Johor	2 683	3 548	32.2	5 110	4 098	-19.8
Kedah	2 998	1 985	-33.8	1 565	1 006	-35.7
Kelantan	1 493	1 393	-6.7	2 496	1 887	-24.4
Melaka	508	1 382	172.0	554	1 064	92.0
Negeri Sembilan	1 740	2 007	15.3	1 803	1 030	-42.8
Pahang	3 000	1 686	-43.8	1 752	1 665	-4.9
Perak	1 898	2 734	44.0	1 955	1 644	-15.9
Perlis	710	696	-1.9	131	243	85.5
Pulau Pinang	1 322	1 492	12.9	5 423	2 639	-51.3
Sabah	4 466	3 844	-13.9	1 989	1 330	-33.1
Sarawak	3 111	3 123	0.4	37 287	45 787	22.8
Selangor	2 169	2 545	17.3	4 915	4 140	-15.7
Terengganu	2 912	2 677	-8.1	2 749	1 664	-39.5
Federal Territory (KL)	7 370	4 960	-32.7	2 040	2 197	7.7
Total	36 380	34 072	-6.3	69 769	70 394	0.9

Note: * Cumulative figures.

Source: Economic Report 2001/02, p. 136.

Table 2.2b. **Malaysia: comparison of active registrants and new vacancies by state (Oct 2000-Oct 2001)**

	Active Registrants			New Vacancies		
	Oct 2000	Oct 2000	Change (%)	Oct 2000	Oct 2000	Change (%)
<i>State:</i>						
Peninsula	27 402	28 559	4.2	4 832	3 748	-22.8
Sabah	4 003	3 454	-13.7	380	168	-55.8
Sarawak	2 708	3 029	11.9	10 133	9 170	-9.5
Malaysia	34 113	35 042	2.7	15 538	13.081	-15.8

Source: Adapted from Table 1, Ministry of Human Resource website <http://www.jaring.my/ksm>

Table 2.3. **Manpower mismatch: new registrants and job vacancies in October 2001**

Occupational Group	Active Registrants Number (%)	Job Vacancies Number (%)	Manpower Deficit/Excess
Professional/Technical	7 385 (21.1)	455 (3.4)	6930
Administrative/Management	2 505 (7.1)	89 (0.6)	2 416
Clerical & Related Jobs	16 230 (46.3)	677 (5.1)	15 553
Sales	366 (1.1)	440 (3.4)	-74
Services	541 (1.5)	327 (2.5)	214
Agriculture	99 (0.3)	1 323 (10.1)	-1 224
Production & Related Jobs	7 916 (22.6)	9770 (74.9)	-1 954
Total	35 042	13 031	22 011

Source: Adapted from Table 3 & Table 10, Ministry of Human Resources Malaysia website [http:// www.jaring.my/ksm](http://www.jaring.my/ksm)

Table 2.4. Average wages increase in the private sector (1994-2001) (Percentage)

	1994	1995	1996	1997	1998	1999	2000	2001
Manufacturing	9.0	28.0	11.0	15.0	8.0	7.0	8.0	7.7
Commerce	11.0	12.0	13.0	N.A.	8.0	5.0	8.0	7.8
Transport, Storage & Communications	15.0	12.0	10.0	11.0	8.0	10.0	8.0	8.5
Services	9.0	11.0	9.0	13.0	14.0	9.0	7.0	8.5
Agriculture/Estate	10.0	15.0	15.0	18.0	13.0	12.0	11.0	8.3
Mining & Quarrying	-	6.0	9.0	8.0	11.0	6.0	9.0	6.0
Electricity, Gas & Water	-	9.0	5.0	18.0		5.0	0.0	0.0
Construction	-	10.0	-	-	10.0	8.0	13.0	7.0
Others	6.0	7.0	9.0	9.0	11.0	8.0	8.0	7.7
Total			10.1	13.1	9.2	7.8	8.0	6.3

Note: From January to July 2000 only.

Sources: Malaysia: Labour and Human Resources Statistics 1997, pp. 133-134.
Economic Report 1997/98, p. 167; Economic Report 1998/99, p. 153.
Economic Report 1999/2000, p. 131; Economic Report 2000/01, p. 127.

Table 3. Distribution of foreign population in Malaysia

	Total Population	Non-Citizens: No. & % of state Pop.	Non-Citizens: % of Total Foreign Pop.
Peninsula Malaysia			
Johor	2 740 625	150 530 (5.5)	10.9
Kedah	1 649 756	25 605 (1.6)	1.8
Kelantan	1 313 014	20 795 (1.6)	1.5
Melaka	635 791	22 944 (3.6)	1.7
Negeri Sembilan	859 924	31 859 (3.7)	2.3
Pahang	1 288 376	54 800 (4.3)	3.9
Perak	2 051 236	38 345 (1.9)	2.8
Perlis	204 450	3 155 (1.5)	0.2
Pulau Pinang	1 313 449	48 382 (3.7)	3.5
Selangor	4 188 876	186 382 (4.5)	13.5
Trengganu	898 825	15 838 (1.8)	1.1
Federal Territory (Kuala Lumpur)	1 379 310	92 373 (6.7)	6.7
Sub-Total	18 523 632	691 032	49.9
Sabah	2 603 485	614 824 (23.6)	44.4
Sarawak	2 071 506	62 738 (3.0)	4.5
Federal Territory (Labuan)	76 067	16 150 (21.2)	1.2
Malaysia	23 274 690	1 384 744 (5.9)	100

Source: Population & Housing census 2000: Population Distribution and Basic Demographic Characteristics. Department of Statistics, Malaysia, Kuala Lumpur, July 2001: various pages.

Table 3.1. **Approximate number of registered foreign workers in Malaysia (1993-2001)**

Year	Peninsula	Sabah*	Sarawak	Malaysia
1993	414 336	100 000	18 387	532 723
1994	515 983	100 000	26 074	642 057
1995	576 441	120 719	29 529	726 689
1996	586 796	121 144	37 299	745 239
1997	1 190 437	226 565	54 643	1 471 645
1998	789 684	283 968	54 000	1 127 652+
1999	680 846	162 269	75 202	818 677
2000	632 720	75 232	91 733	799 685
2001 (July)	618 946	99 281	88 120	807 984@

Note: * The 1993 & 1994 figures for Sabah are the author's estimates. Figures for those years are not available; + The Economic Report 1999/2000 (p.132) gave a lower figure for 1998 *i.e.* 1 033 497. The author is unable to explain the discrepancy between the two figures: @ Figures given by the Ministry of Home Affairs Malaysia. The Economic Report for 2001/02 mentioned a higher figure, *i.e.* 810 695 (p. 134). The author is also unable to explain this discrepancy.

Sources: Ministry of Human Resource Annual Report 1997, Labour Department Sarawak; Sabah Monthly Statistics; Unpublished data from the Bahagian Sistem Maklumat & Rekod; Immigration Department Headquarters, Kuala Lumpur; Fomema Sdn. Bhd., 1999; Economic Report 1999/2000 & 2001/02; Ministry of Internal Affairs as per letter from the Ministry to the author, dated 8 January, 2002; Laporan Tahunan Kementerian Sumber Manusia 2000, pp. 40 & 63.

Table 3.2. Foreign workers in Malaysia (1 July 2001)

Nationalities	Percentage
Indonesians	73.64
Bangladeshis	17.54
Filipinos	1.90
Thais	0.80
Pakistanis	0.40
Others	5.8
Total %	100.00
Total Number	807 984
Job Sectors	Percentage
Manufacturing	30.08
Plantations	25.59
Domestic Helpers	20.40
Construction	8.57
Services	7.32
Total %	100.00
Total Number	807 984

Source : Ministry of Home Affairs, Malaysia. Unpublished Data made available to the author by En. Mansor Bin Embong, Division Secretary, Division for Immigration & National Registration.

Table 3.3. **Expatriates in Malaysia by country of origin and job category (2001)**

Country of Origin	Percentage
Japan	17.2
India	17.2
Singapore	9.3
People's Republic of China	7.4
UK citizens	5.8
Taiwan	4.0
Philippines	3.9
Indonesia	3.3
Australia	3.3
United States of America	3.2
Korea	3.0
Pakistan	2.2
Germany	2.0
Thailand	2.0
Others	2.0
Total %	100.0
Total Number	31 949
Job Sectors	Percentage
Manufacturing	46.12
Services	36.45
Commerce	5.44
Construction	4.96
Petroleum	2.96
Education	2.52
Transport	0.70
Sports	0.56
Agriculture	0.27
Mining	0.03
% Total	100.00
Total Number	31 949

Source : Ministry of Home Affairs, Malaysia. Unpublished Data made available to the author by En. Mansor Bin Embong, Division Secretary, Division for Immigration & National Registration.

Table 4. Approximate number of illegals apprehended and identified in Peninsular Malaysia & Sabah (1992-2001)

Year	Ops Nyah I	Ops Nyah II	Regularisation ¹	Voluntary Repatriation ²	Expiry of Work Permits	Runaway Cases	Total
1992			483 784				483 784
1993	14 211	41 584					55 795
1994	11 082	43 189					54 271
1995	7 828	32 835					40 663
1996	10 919	25 873	554 941				591 733
1997	8 547	35 521	413 812				457 880
1998	14 670	42 574		187 486			244 730
1999	11 721	42 889					54 610
2000	10 575	77 943			18 714	72 528	179 760
2001	9 103	87 461					96 564
Total	98 656	434 869	1 452 537	187 486	18 714	72 528	2 259 790

Note: 1. A regularisation process was carried out in the Peninsula between January and June, 1992, and December 1996. The data were made available to the author by the Chief Secretary, Ministry of Home Affairs, as per letter to the author, dated 04/06/97. Prior to this there was another regularisation among illegal Indonesian plantation workers, but the number of regularised illegals is not included here. In Sabah, regularisation exercise was carried out between March and October 1997. Sarawak carried out similar exercise between January and March 1998, but the results are not available.

2. Voluntary repatriation of illegal immigrants was carried out between 1 October and 15 November, 1998. Figures were provided by the Immigration Department Headquarters, Pusat Bandar Damansara, Kuala Lumpur.

Source: Compiled from unpublished data from the Urusetia Ops Nyah, Malaysian Police Headquarters, Bukit Aman, Kuala Lumpur; Ministry of Home Affairs, Immigration Department Headquarters, Pusat Bandar Damansara, Kuala Lumpur & Federal Task Force, Sabah.

Table 5. Agencies involved in approving applications for expatriate workers

Approving Agencies	Company Activities
MIDA	Manufacturing industries
Ministry of Education	Private colleges and schools
CIDB	Construction and engineering work
Bank Negara	Banking and financial institutions
Ministry of Trade & Industry	Representative office, regional office, international procurement centre
Ministry of Domestic Trade and Consumer Affairs	Domestic wholesale, retail & trading
Ministry of Finance	Operational headquarters
Multimedia Development Corp. Sdn. Bhd.	Multimedia & IT for Multimedia Super Corridor
Ministry of Health	Private hospitals
Public Service Department	Government hospitals, government institutions of higher learning
Expatriate Committee	Activities other than listed above

Source: Jabatan Imigresen Malaysia 2000 (unpublished report).

**RECENT TRENDS IN MIGRATION MOVEMENTS AND POLICIES:
THE MOVEMENT OF FILIPINO PROFESSIONALS AND MANAGERS**

by

Stella P. Go

De La Salle University

Introduction

Despite the heightened economic uncertainty brought about by the continuing local and international peace and order problems confronting the country and the global community, the Philippine economy showed its resiliency by posting a positive growth in 2001. Beating market forecasts, the GNP grew by 3.7% and the GDP rose by 3.4%. The services sector was the main contributor to the GNP's expansion due to the improved performance of trade and government services. It accounted for 1.9% of the GNP gain. As in previous years, the remittances of the overseas Filipino workers bolstered the economy by contributing 0.5% to the 3.7% GNP growth.

Exports, however, suffered a major setback. It declined by 3.7% after a strong performance of 17.7% in 2000. Consequently, it impeded GNP growth by 1.4%.

Foreign direct investments (FDIs) still flowed into the country although at a slower pace. Approved FDIs in the first three quarters of 2001 amounted to only 46.5 billion pesos or 31% lower than the previous year's level of 67.7 billion pesos.

Despite the country's political turmoil and the effects of the global economic slowdown on the local economy, the country's employed situation fared better than the previous year. Employment increased primarily due to the strong recovery in the agricultural sector that benefited from the good weather that prevailed in most parts of the country. It was also aided by the expansion in the trade sector that absorbed most of the displaced workers from industries affected by the global economic downturn. Employment grew by 6.2% in 2001, a reversal from the 1% decline in employment in 2000.

Although the growth in employment was broad based, much of the gain resulted from the expansion of part-time work mostly in agriculture and the trade sectors. The weakness in the market was also mirrored in the sluggish growth in wage and salary employment.

Unemployment, however, remained unchanged from the previous year at 11.2% despite the increase in employment. This was due to the increase in the labour force participation rate. The number of establishments which closed or retrenched its workers also increased by 19% for the first 10 months of 2001 compared to the same period in 2001.

Recent trends in international migration

International labour migration

The Department of Labor and Employment estimates that today there are about 7 million Filipinos working or living abroad. Every day, about 2,300 workers are deployed overseas. The deployment of overseas Filipino workers to various parts of the world has increased by 3% in 2001 from a low growth of 0.6% in 2000. The number of land-based workers and seafarers who went abroad to work in 2001 grew at the same rate of 2.9% compared to their minimal increase the year before.

The deployment to Asia continued to decline at about the same rate as in 2000, with the largest decline in the number of overseas Filipino workers going to Korea and Hong Kong. The outflow of workers to Japan continued to increase although at a decelerated rate compared to the previous year. On the other hand, the number of workers going to Singapore increased at a faster rate than in 2000. Moreover, the increased demand for nurses in England has resulted in a surge in the deployment of workers to that country in 2001 compared to 2000.

It is interesting to note is that over the last three years, the number of Filipino workers who have left the country to work in Asia has almost equaled the total number of workers who have gone to Middle East. Between 1999-2001, the average share of the worker outflow to Asia and the Middle East was the same at 45% each. Over the last three years, close to 90% of the Filipino workers can be found employment in Asia and the Middle East. Saudi Arabia remains most important destination of the migrant workers followed by Hong Kong.

From 1994 to 2001, more Filipinos have actually found jobs overseas compared to those that were added to the number of employed persons in the local market every year. In 1999 and 2000, more than 800,000 workers were deployed abroad while local employment shrank. On the assumption that these workers would not be able to create their own employment had they not worked abroad, the unemployment rate would have worsened and would have remained in double digit figures over the years. The overseas Filipino workers constitute about 2.5% of the labour force.

Remittances

Although the remittances of migrant workers in the first three quarters of 2001 saw a decline (-5.7%), it was not as severe as the drop in the amount in 2000 (-11.0%). As in previous years the remittances of workers continue to bolster the Philippine economy. They contributed 0.5% to the 3.7% growth in GNP for 2001. Based on the 1997 Family Income and Expenditures Survey (FIES), at least 6% of Filipino families receive income from abroad.

Policy shift in international labour migration: from managing the flow to promoting labour migration

In its policy framework contained in new The Medium-Term Philippine Development Plan (2001-2004) released under the Arroyo administration in November 2001, government now explicitly recognizes overseas employment as a *“legitimate option for the country’s work force. As such, government shall fully respect labor mobility, including the preference for overseas employment.”*

While government provides for the protection and welfare needs of those who choose to work abroad as well as their eventual reintegration upon return, government will now actively explore and develop *“better employment opportunities and modes of engagement in overseas labor markets ... consistent with regional and international commitments and agreements.”* Thus, from managing the flow, government now seeks to actively promote international labor migration especially of higher skilled, knowledge based workers, as a growth strategy.

Four major employment-promoting strategies for both the local and overseas market will be vigorously pursued: employment generation, employment preservation, employment enhancement, and employment facilitation.

To generate overseas employment, it will secure and enhance the country’s competitive edge in software development and e-services by *“seizing ... overseas market opportunities in developing strategic partnerships for major ICT development initiatives.”*

To preserve overseas employment, it will continue forging multilateral and bilateral labor agreements and arrangements.

To enhance employment so that workers will be able to compete in the global economy, access to education and training programs in priority areas such as the overseas labor market will be improved to ensure the continuous availability of human resources. It will be complemented with welfare programs and mechanisms to protect the rights of overseas Filipino workers (OFWs) *“to fair and equitable recruitment and employment practices”* under a deregulated condition.

Employment facilitation will also be adopted as a strategy to improve access to employment opportunities and alternatives both locally and overseas; to provide a level playing field for contractual negotiations; and to provide accurate and up-to-date labor market information to improve matching of jobs to workers.

This shift in policy, however, will require:

- the strengthening of the overseas employment industry and its accompanying structures in order to better protect the rights and welfare of workers;
- the reorientation of the educational system and other training institutions to meet the domestic and global demand for professionals and highly skilled workers, especially knowledge-based workers; and a more aggressive marketing of the Filipino as a globally competitive worker and the Philippines as a rich human resource center.

Highly skilled international migration: the movement of Filipinos

Globalisation and increasing trade liberalization has led to the wider circulation, not only of goods and capital, but of labour as well. Today, the Philippines is the largest labour exporting country in the Asian region and is an active participant in the global circulation of labour. Millions of its internationally shared human resources are scattered in more than 130 countries around the globe and the highly skilled Filipino professionals and managers are important components of this mobile pool of workers.

Compared to the temporary labour migration of the semi-skilled and the unskilled, the international movement of the highly skilled is of considerable economic and cultural significance.

The highly skilled workers are not only important agents of economic change, they are also bearers of new cultural values (Castles, 1996).

Identifying the highly skilled

The term “highly skilled” appears liberally in the literature. However, very often, it is used without an operational definition presumably, on the assumption on the author’s part, that it is understood in the same manner by all. The term implies that the individual has more years of formal education, generally at least a baccalaureate degree, and/or training, in terms of on-the-job training, than the rest of the work force.

Various terms are used in the literature to refer to this pool of highly educated, highly trained individuals. Ong, Cheng, and Evans (1992) use the term *highly educated* to refer exclusively to “scientific, technical and professional workers” with at least a college degree. Castles (1995), on the other hand, uses the term *highly qualified* to cover a wider group of “professionals, executives, technicians and other highly skilled personnel.” Just what “other highly skilled personnel” includes is again subject to interpretation. Used in the context of brain drain, *talent* is yet another word found in the migration literature (Atal and Dall’Oglio, 1987). The talented, according to the authors refer to the “so-called brains” of society. They are distinguished from the rest on the basis of four criteria where they rate highly on each:

- *Level of skill*: Skilled, Semi-skilled, Unskilled
- *Present status*: Trained with experience, Trained (qualified) but without experience, Under training (student), Untrained
- *Field of specialization*: Professional technical (e.g. engineering, medicine, agriculture, management), Sciences (Physical, Natural, Social), Humanities, Technician, Artist, Artisan-craftsmen
- *Professional esteem or recognition*: Outstanding, ordinary, substandard

Based on the above criteria, the talented would presumably include only individuals with at least a bachelor’s degree in the Professional, technical and scientific fields and who have had some work experience. Given their field of specialization, these individuals would be more highly skilled, and their professions generally more highly regarded than the rest by society.

A special category of highly skilled migrants is the *international service provider* or the *specified-employment worker* defined by the United Nations Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990) as someone who:

- has been sent by his or her employer to a foreign country in order to undertake a specific assignment or duty for a restricted and defined period of time;
- engages in work that requires professional, commercial, technical and other highly specialized skill; or
- who, upon the request of his or her foreign employer, engages in work whose nature is transitory or brief for a restricted and defined period of time

International service providers, therefore, are employed in consulting services, training activities, or supervisory functions and exclude low-skilled overseas contract workers engaged in production, output-oriented activity (Garnier, 1996). They include:

- *intra-company transferees*: executives and personnel sent by their companies to work in overseas branches or joint ventures;
- *individual service providers and specialists on specific assignments*: self-employed service providers architects, artists, engineers, lawyers, athletes, and news correspondents who are based in the exporting country or in a third country and enter into a contractual relationship with an exporting firm to carry out a specific assignment in the importing country; also intra-company transferees on short-term cross-border assignment such as consulting, training, and repair/maintenance tasks for the parent company's subsidiary in the destination country, or for any firm of that company under an international service contract;
- *short term or business visitors*: individuals who enter a country for a short period of time, from a few days to a few months, while maintaining their residence and salary payments in the country of origin; they can only be engaged in certain specific activities, such as participation in business meetings, trade fairs, promotional activities and preparation of feasibility studies;
- *diplomatic and international personnel*: staff of diplomatic or military missions/embassies, humanitarian/development aid workers, clergy, and international civil servants

Intra-company transferees, diplomatic and international personnel are what Appleyard (1989) refer to as *professional transients*.

For the purposes of this paper, highly skilled workers refer to all professional, technical and related workers as defined in the 1977 Philippine Standard Occupational Classification. They also include administrative, executive, and managerial workers.

The movement of the highly skilled in the Philippines: an overview

The international movement of highly skilled Filipino professionals can be classified into two types: *permanent migration or emigration*, often referred to as the brain drain, and *temporary or circular migration*, also referred to as contract labour migration.

The 1960s saw the first massive outflow of Filipino professional and technical workers, mostly medical personnel, who moved to the United States as immigrants. Permanent migration became distinguished from temporary migration at this time when two distinct waves of Filipinos left the country either as emigrants or as contract workers. Emigration in the sixties was selective of the highly skilled medical professionals to the United States while contract labour migration was highly selective of the skilled production workers, craftsmen and unskilled laborers to other countries in the Asian region. These contract workers were hired by the American military and by independent contractors for war reconstruction work in Guam, Okinawa, and Wake Island. Others landed contractual jobs in logging companies operated by Filipino and American companies in Borneo, Indonesia and Malaysia.

The passage of the U.S. Immigration Act of 1965 saw the emigration of increasing numbers of Filipino professionals to the United States. From 2,517 professionals admitted in 1967, the number progressively increased each year. In 1970, 8,811 Filipino professionals entered the United States, comprising 39% of all Asian immigrants that year and 19.1% of all immigrants (Gupta, 1973) (see

Table 1) The largest group of professionals that entered the United States between 1967-1970 were medical doctors followed by nurses. Increases in the number of professionals admitted yearly into the United States between 1967 and 1970 were most marked for engineers, nurses, and teachers.

When its immigration policies eased in the late 1960's, Canada provided an alternative destination for Filipinos. Employment opportunities were opened for professionals, mainly nurses, doctors, science technicians and engineers who sought permanent residency there. Between 1965 and 1968, the Filipino professionals and managers who emigrated to Canada each year comprised more than 50% of the flow (King, 1987). Since 1969, professionals made up less than half of the total number of Filipino immigrants each year to that country. The proportion has progressively decreased,

The seventies saw the unprecedented out-migration of Filipino contract workers for overseas employment, particularly to the Middle East. Since then, the volume of Filipinos leaving the country as temporary overseas contract workers has decidedly been more than the volume of people leaving the country as permanent emigrants. The proportion of emigrants in the total migration outflow has drastically decreased from 31% in the period 1975-1979 to 9% in 1990-1995. On the other hand, the proportion of overseas workers increased from 69% to 91% for the same period.

If one looks at the data for selected years over the 20-year period between 1975 and 1995, one will observe that the pattern in the outflow of professionals and managers among the emigrants and the overseas workers has been the same (Table 2). For both groups of out-migrants, the proportion of professionals who left the country declined between 1975 and 1985. The proportion began to increase once again, albeit minimally, between 1985 and 1992 and fell again in 1995.

It must be noted, however, that data regarding permanent migration based on the number of registered Filipino emigrants, do not reflect the exact magnitude of permanent migration among Filipinos. These data do not capture those who leave the country as contract workers or students and who change their visa status once in the country of destination.

Among emigrants, the United States remains the primary destination of Filipino professionals and managers, followed by Canada and Australia. Between 1972 and 1985, U.S. Immigration and Naturalization Service statistics reveal that Filipino professionals, mostly nurses and doctors, were the second largest Asian group, who entered the United States (Ong et al., 1992). The Indians were the largest group. Among the land-based Filipino contract workers, on the other hand, a majority of the professionals are working in Saudi Arabia.

What types of highly skilled workers are in demand in the overseas labor market? Data from 1992-1996 show that a majority of the highly skilled Filipinos were female performing artists, particularly choreographers and dancers (56.5%) (Table 3). In the five-year period between 1992-1996, a total 187,290 performing artists left the Philippines to work abroad. This category of professionals, however, is a catchall for all types of entertainers working mostly in Japan, from the professional singers and dancers to the commercial sex workers. Consequently, the professional skills of many of these workers have been questioned.

Thus, if we focus our attention on the professionals with technical specialization, male engineers and female medical workers (particularly nurses) stand out as the largest group of newly hired Filipino professionals deployed abroad. Most of the engineers work in Saudi Arabia while the nurses can be found in both Saudi Arabia and the United States. Computer programmers and accountants have also found employment in Saudi Arabia and the United States.

Garnier (1996) estimates that in 1994 there were 60,000 highly skilled Filipinos providing short term services abroad and 40,000 intra-company company transferees. In addition there were 100,000 long-term skilled emigrants abroad that year.

Factors facilitating the outflow of highly skilled Filipinos abroad

The migration of the highly skilled, highly educated has generated a lot of debate both in the sending countries and in the receiving countries through the years. In the 1960s, the debate centered around the issue of “brain drain,” the process by which the best and the brightest in the less developed countries were siphoned out systematically by more developed countries through permanent migration. Although permanent migration continued, the brain drain debate subsided in the 1970s. Today, the fluidity of migration generated by greater circular mobility rather than permanent migration has focused the discussion on the fears in advanced economies of the potential ill effects caused by return migration or reverse brain drain (Ong et al., 1992).

Several studies have identified the factors that promote the out-migration of highly skilled manpower from the Philippines within the push-and-pull framework, positing conditions at the country of origin which push the highly skilled out and conditions in the country of destination that attract or pull the highly skilled. These factors can be further classified into the individual or micro-level factors (e.g. social psychological factors such as motivations and perceptions; demographic characteristics) and the structural or macro-level factors (e.g. disparities in economic development between countries; migration policies in sending and receiving countries).

At the micro-level, social psychological factors and demographic factors have been identified as facilitating the out-migration or brain drain of Filipino professionals in the sixties (Joyce and Hunt, 1982; Jayme, 1971; Cortes, 1975; Abad, 1974).

Anchorage to the Philippines and valuation of the comparative opportunities between the Philippines and the host country were the social psychological factors identified by Cortes (1975) and Jayme (1971) that differentiated the highly skilled migrants from the returnees. Anchorage referred to the strength and the quality of the social, psychological and other ties which bind the individual to the Philippines. Migrants tended to have low anchorage in the Philippines and perceived greater opportunities in the United States than in the Philippines.

Moreover, the study of Jayme (1971) found that attitudes toward the Philippines were more relevant in the migration decision than the attitudes towards, or nature of experience in, the United States. This suggests that the push factors were more fundamental in the decision to migrate than the pull factors. Consequently, the responsibility of keeping highly skilled manpower rests on the country of origin. Her study also revealed that openness to the culture of the host country was another important determinant of migration among the highly skilled.

Other studies reinforce the findings on the importance of the perception of comparative opportunities on the decision of the highly skilled to migrate permanently (Joyce and Hunt, 1982; Abad, 1974). Perceptions of better financial and professional/ career opportunities were cited as the important factors in the decision to remain in the United States.

Certain demographic factors also predisposed the highly skilled Filipinos to emigrate. Younger persons, those who were single when they left the Philippines, females rather than males, those with degrees from abroad, especially in the natural sciences and engineering were some of the correlates of migration identified by Cortes (1975).

At the macro-level, the disparities in the economic development between countries of origin and destination are important determinants in migration (Stahl and Appleyard, 1992). The poor economic conditions of the Philippines, particularly its poor labour absorptive capacity and low domestic wages, have been identified as important push factors not only among highly skilled migrants but also among the less skilled.

In the 1980's, the ranks of the unemployed swelled in the Philippines (Abella, 1993). Even more alarming was the extent of human resource under-utilization in the country as indicated by the underemployment rate and the increase in the number of the college-educated unemployed in the eighties (Table 4). In 1986, at the height of the economic crisis in the Philippines, 277,000 college graduates were unemployed together with 284,000 who had some college education. By 1993, the number of college graduates without jobs had increased to 351,000.

Added to the unemployment problem were the low domestic wages and salaries (Abella, 1993). Overseas employment was therefore a more attractive alternative. In a study by Tan (1993), she found out that the monetary gains from overseas employment, in terms of wages, were highest among the professionals. Her estimates of the 1990 average annual wage rate of Filipino professionals abroad was 138,733 pesos or almost 4 times the average annual rate of 35,664 pesos in the domestic market.

The decision of the individual to migrate is constrained by the migration laws and policies of the both the country of origin and the country of destination. However, receiving countries set the migration streams in motion by determining what type of workers and how many will be allowed into its borders and what rights workers are entitled to. Be that as it may, whether or not the state intervenes in either the sending or receiving countries, large-scale migration will occur if there are strong emigration pressures in the country of origin and a concomitant demand and the perception of better opportunities in the country of destination.

Since international migration is premised on the willingness of the receiving countries to open their borders to foreigners, the migration laws and policies of these countries become more important determinants of out-migration than those of the sending countries. These laws and policies set the pattern and the pace of migration. In the case of the emigration of the highly skilled Filipino professionals, the immigration patterns since the early 1900s have shifted in tandem with the changes in U.S. immigration laws. Similarly, the temporary labour migration patterns from the Philippines have been influenced by the immigration laws and policies of the host countries.

In addition to migration policies and laws in the receiving countries, political unrest resulting in war or civil strife, as in the 1990 Gulf crisis, also affect international migration patterns.

The outflow of highly skilled manpower is the result, therefore of an interplay among the macro-level factors, on one hand, such as the economic and the political and the micro-level factors, such as demographic characteristics of migrants, social psychological factors such as anchorage in the home country, motivations and perceptions of comparative opportunities in the receiving country.

Migration of highly skilled Filipinos: who gains and who loses?

The receiving country clearly gains from the entry of highly skilled and highly educated professionals by increasing its human capital, enhancing its ability to use existing technology, and even to train its next generation of highly educated labour (Ong et al., 1992). Through permanent emigration, the Philippines has transferred much human capital to the United States in the 1960s and early 1970s in the form of medical doctors, nurses and other professionals. Since then, the brain drain

of Filipino talent has drastically diminished as a result of more restrictive immigration laws in the United States.

However, the outflow of human capital has continued unabatedly over the last years via the temporary labour migration of overseas Filipino workers with fairly high levels of education. The 1999 Survey of Overseas Filipino Workers conducted by the National Statistics Office revealed that more than half of these workers are college educated (54.7%), with about a third of them (31.8%) having completed a college degree or higher. Unfortunately, the skills profile of these workers indicates a mismatch between their level of education and their overseas jobs. Despite this, the absolute number of Filipino workers who have found temporary employment abroad as professionals (even with the exclusion of the performing artists) and managers has been formidable.

The Filipino professional and his/her family also gain from overseas employment: the professional through higher earnings and advanced training, the family through the remittances sent home. In 1990, the wages of the overseas Filipino professionals were about 4 times the domestic wages in 1990 while their average annual remittances were the highest among the land-based workers in 1991 (Tan, 1993).

The benefit to the Philippines also comes in the form of foreign exchange remittances and the creation jobs that require no local capital investment. In the case of the latter, migration also acts a safety valve that eases possible social unrest due to the unemployment and underemployment not just of its highly educated manpower but its excess labour in general.

Loss can also be assessed at the three levels of the individual migrant, the family, and the country as a whole. At the individual level, loss is largely psychological and is the result of separation from family and alienation from one's culture. However, for the Filipino professional, particularly the female migrant worker, who accepts an overseas job as a domestic helper, de-skilling is another form of loss. The erosion of professional training through disuse is another. At the family level, loss manifests itself in the absence of a husband and father, a wife and mother or both and the negative repercussions of that absence on family relationships.

At the national level, it can be argued that the outflow of highly skilled Filipinos, especially through permanent emigration, in a general sense constitutes a loss because the country can no longer benefit from its investment on their education and training. It becomes even a greater loss when it results in definite setbacks for the country as skill shortages occur and there is a dearth not only in the quantity but most especially the quality of the country's scientific and technological practitioners.

There has been no clear empirical evidence that the outflow of Filipino professionals has had a profound negative effect on the country and its economy. Engineers, nurses, medical doctors, scientists, finance specialists and even teachers have worked abroad in their professional capacities. However, Tan (1993) argues that the cost to economy appears minimal since there is a large pool of unemployed labour to replace those who have gone abroad.

In fact, schools and training institutes have been established that cater mainly to the foreign market (Tan, 1993). The medical schools increased in number from 10 in 1975 to 19 in 1980 and to 27 in 1985. Nursing schools, on the other hand, grew from 73 in 1975 to 130 in 1980.

It is also argued that the outflow of professionals, in particular, and overseas workers, in general, cannot really be counted as a loss because their migration is only temporary. However, the return of human capital does not appear to be substantial.

One of the difficulties in monitoring the labour migration flows today is that government has not developed a system for determining exactly how many of the overseas Filipino workers have returned permanently or if not permanently, for what duration before they move on to the next overseas job. As such there is no way of assessing just how much homeward transmission of human capital is taking place.

Generally, overseas Filipino professionals work in more developed countries with more state-of-the art technology. They are therefore more likely to experience a higher rate of on the job training (OJT) than if they remained in the Philippines. However, there is no way of assessing with certainty just how much the Philippines has benefited from the more advanced on the job training acquired by Filipino professionals abroad, in the absence of data on return migration.

In an increasingly integrated and global economy, increasing the skills and capabilities of its labour force and making them internationally competitive is crucial to economic success. In its national agenda for sustainable development in the 21st century or Philippine Agenda 21, the government places people at the core of its development initiatives. In the area of economic development,

“Economic progress will increasingly rely on the creative energies and ingenuity of the Filipinos, hence, investments are channeled towards the improvement of human capital and the social infrastructure.”

Thus, it envisions that “Filipino creativity, skills, initiative, diligence and other talents rather than low wage rates” will become the basis for attracting domestic and foreign investments.

With globalisation and increasing trade liberalization, the demand for a more skill-intensive and technology-literate workforce to produce high quality goods competitive in the global market will become increasingly greater for more developed economies with a scarcity of labour. The Philippines must be able to seize the opportunity so that Filipino professionals and higher skilled workers can participate more actively in the global market.

Consequently, there is a need for the Philippines to improve its human capital foundations in the technical arena. This means upgrading the quality of its technical education, raising the quantity and quality of its science and technology practitioners, and strengthening the on-the-job training of its workers (Intal, 1997).

In a very recent study Cororaton (2001) states that the absence of competent research and development manpower in the country places the Philippines in an extremely disadvantaged position in catching up with the world’s cutting edge technology producers. Thus, he advocates for an urgent reform in the science and technology education system so that the country can sustain a long-term growth.

Tullao’s study (2000) also indicates that the existing educational institutions in the Philippines will not be adequate to improve the chances of the country to benefit optimally from trade liberalization unless substantial institutional innovation is undertaken.

A new area for export opportunities that the Philippines can pursue in view of its abundant, skilled and highly trainable workforce is the services industry. One sector in the services industry considered a big opportunity for the country is the construction services sector (Trade Pulse New & Measures, 1997). This sector offers employment opportunities for technical people and skilled construction workers involved in professional consulting services. Generally, the activities include

advisory and review services, pre-investment or feasibility studies, design, construction supervision, management and related services, as well as other technical services or special studies.

In a cumulative ranking of consultancy services undertaken by the Asian Development Bank, the Philippines were ranked number 6. The United States was ranked first, followed by the United Kingdom, Australia, Canada, and International Organizations.

In 1994, the industry generated a total employment of about 6,000 consultants, including engineers, architects, managers, specialists, and administrative personnel. The maximum salary for a licensed senior architect with a 10-year experience in a specialized area is pegged at US\$2,700 a month, while the minimum salary is placed at US\$2,200. Salaries for technical support, on the other hand, range from US\$1,080 to US\$1,600. However, the industry is faced with the big problem of the gradual loss of this pool of professional consultants. These consultants are pirated by foreign firms who want to avoid the higher cost of engaging a local firm for their projects.

Another budding industry in the Philippines which Lamberte (1996) suggests is the “country’s key to sustained competitive advantage in the future” is the computer software and services industry. There are two types of labour in this industry: (1) those who remain in the Philippines and produce software and provide computer services for domestic consumption or for export; and (2) those who take up foreign assignments in overseas firms (Lamberte, 1996).

It was estimated that in 1986, there were 300 contract computer professionals deployed overseas, 600 in 1987, and 800 in 1988 (Noyelle, 1990). Data from the Philippine Overseas Employment Administration (POEA) reveal that between 1992 and 1996, a total of 3,002 newly hired computer programmers and related workers were sent overseas. This number does not include the rehires which would further increase the total number of deployed computer programmers for that period.

It would seem that the formal education of the country has likewise begun to respond to the shifts in the occupational structure with the advancement in information technology (computer hardware and software technologies and telecommunications). The number of information technology and engineering and technology graduates increased significantly between 1989 and 1993 (Lamberte, 1996). It appears that the Philippine educational system has responded quantitatively to the new skill requirements brought about by advances in information technology. However, it must respond qualitatively as well by continuing to develop the content of its curricula and upgrading its training systems so that the competitive edge and the comparative advantage of the Filipino are maintained.

As government strives to improve the global competitiveness of its workforce, it must continue to go full steam ahead in the implementation of its comprehensive employment strategy program. Investment generation and employment creation ought to remain important priorities so that more domestic jobs with more competitive wages are generated. By doing so, the emigration pressures will be eased and the massive outflow of Filipino workers abroad will be stemmed.

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Table 1. Professional, technical and allied workers admitted to the United States from the Philippines, 1967-71

OCCUPATION	1967	1968	1969	1970	1971
Natural Scientist	85	187	333	283	360
Social Scientist	133	13	24	67	46
Physicians, Surgeons & Dentists	612	846	983	968	1 158
Nurses (including student nurses)	445	891	796	954	1 564
Other Medical and Related Fields	240	470	632	632	640
Engineers	346	746	1 068	1 163	1 055
Editors & Reporters	11	7	14	13	19
Lawyers & Judges	29	50	71	124	108
Professors & Instructors	57	57	68	107	73
Religious Workers	29	31	41	49	58
Social and Welfare Workers (Except Group)	17	32	24	38	35
Teachers, Elementary, Secondary, Not Elsewhere Classified	342	816	1 348	2 285	1 076
Other Professional, Technical & Kindred Workers, Not Elsewhere Classified	95	167	404	411	456
TOTAL	2 517	4 844	7 130	8 811	8 629
Asian Total	12 382	13 036	16 683	22 568	27 046
World Total	46 652	48 753	40 427	46 151	48 850
Philippine Total as Percentage of Asian Total	20.33	37.16	42.74	39.04	31.9
Philippine Total as Percentage of World Total	6.04	9.94	17.64	19.09	17.66

Source: Gupta (1973), p. 172.

Table 2. **Highly skilled Filipino emigrants and overseas workers**

EMIGRANTS	1975	1980	1985	1987	1992	1995
PROFESSIONAL, TECHNICAL & RELATED WORKERS	28.5	17.3	8.6	8.7	11.1	9.5
ADMINISTRATIVE, EXECUTIVE & MANAGERIAL WORKERS	1.7	1.0	0.7	0.7	0.8	1.1
PROFESSIONAL, TECHNICAL & RELATED WORKERS	4 124	7 886	3 869	4 899	7 184	5 351
ADMINISTRATIVE, EXECUTIVE & MANAGERIAL WORKERS	245	469	309	420	533	604
ALL EMIGRANTS	14 492	45 500	45 269	56 350	64 712	56 259
OVERSEAS WORKERS	1975/a	1980/a	1985/a	1987b	1992/c	1995/c
PROFESSIONAL, TECHNICAL & RELATED WORKERS	53.5	15.5	22.5	27.6	27.7	20.5
Composers and Performing Artists	15.4	7.99	5.4	8.9	19.2	10.9
Medical, Dental, Veterinary & Related Workers	nda	nda	nda	3.7	3.2	4.8
ADMINISTRATIVE, EXECUTIVE & MANAGERIAL WORKERS	0.6	1.3	0.4	0.4	0.1	0.2
PROFESSIONAL, TECHNICAL & RELATED WORKERS	6 685	24 361	75 959	105 538	72 230	43 629
ADMINISTRATIVE, EXECUTIVE & MANAGERIAL WORKERS	71	740	1202	1 503	289	346
ALL OVERSEAS WORKERS	12 501	57 394	337 754	382 229	260 594	214 157

a. Refers to all processed overseas Filipino workers.

b. Refers to all deployed overseas Filipino workers (new hires & rehires).

c. Refers to new hires only.

Source of raw data: Philippine Overseas Employment Administration.

Table 3. **Skills distribution of highly skilled overseas Filipino workers**

Skill Category	1992-1996		
	Males	Females	Total
All Highly Skilled Workers	100,0 (76 204)	100,0 (215 846)	100,0 (292 050)
All Professional, Technical & Related Workers	98,3 (74 921)	99,9 (215 528)	99,5 (290 449)
Engineers and Related Technicians	57,3 (43 645)	0,3 (736)	15,2 (44 381)
Saudi Arabia	44,6	0,1	11,8
Medical, Dental, Veterinary & Related Workers	11,7 (8 884)	16,4 (35 319)	15,1 (44 203)
Nurses	5,9	12,6	10,8
<i>Saudi Arabia</i>	2,4	6,4	5,3
<i>United States</i>	2,2	4,1	3,6
Computer Programmers & Related Workers	3,0 (2 272)	0,3 (730)	1,0 (3 002)
Accountants	2,4 (1 844)	0,3 (733)	0,9 (2 577)
Composers & Performing Artists	16,9 (12 862)	80,8 (174 428)	64,1 (187 290)
<i>Choreographers & Dancers</i>	10,7	72,7	56,5
<i>In Japan</i>	10,6	72,2	56,1
Other Professional, Technical & Related Workers	7,1 (5 414)	1,7 (3 582)	3,1 (8 996)
Administrative & Managerial Workers	1,7 (1 283)	0,1 (318)	0,5 (1 601)

Source: Philippine Overseas Employment Administration.

Table 4. Philippines: labour force & unemployment by educational level

Year	Labour Force	Open Unemployment		Educ. Unemployed		Under
	(Thousands)	(Thousands)	%	Undergrad.	Graduate	Employed %
1975	14 016	574	4.1			21.0
1976	15 118					21.3
1977	14 595					
1978	16 022					
1979	17 135					
1980	16 855	1 364	8.1	158	99	34.5
1981	17 806	1 613	9.1	190	138	37.4
1982	17 984	1 714	9.5	208	155	36.4
1983	19 427	2 032	10.5	207	152	37.1
1984	19 936	2 104	10.6	254	263	36.4
1985	20 503	2 566	12.5	272	248	37.9
1986	21 369	2 513	11.8	284	277	35.6
1987	22 568	2 518	11.2			33.6
1988	23 449	2 244	9.6			32.7
1989	24 120	2 212	9.2			31.2
1990	24 244	2 377	8.4			31.4
1991	24 733	2 182	8.8			31.7

Source: Abella (1993), Table 1

Data Sources: National Census and Statistics Office, Labour Force Integrated Survey of Households 1975-1985; National Statistical Coordination Board, Philippine Statistical Yearbook, 1991; Damaso (1991).

SINGAPORE
by
Mui Teng Yap
Institute of Policy Studies, Singapore

Introduction

The year 2001 saw Singapore suffering its worst recession since the independence in 1965. Preliminary estimates show that the GDP shrank by 2.2% during the year. While it had escaped the Asian financial crisis relatively unscathed, Singapore is among the worst-hit Asian countries in the current worldwide economic downturn. As of the third quarter, unemployment was expected to rise to 4.5% and retrenchment to 25 000 by year-end. More professionals and executives were retrenched since the financial crisis. The government has increased its funding for training/re-training and assistance to families in difficulty. As before, there is tripartite agreement that there should be severe wage restraints (wage freeze or wage cuts) in order to save jobs. Government ministers, senior government officials and management in certain major companies have taken the lead by taking bigger wage cuts than other employees.

Domestic economy and labour market

Recent trends in the domestic economy

Preliminary estimates show that Singapore's real GDP shrank by 2.2% in 2001, as compared to a growth rate of 9.9% in 2000 (see Table 1). Negative growth was recorded in the last three quarters of the year, rising from -0.4% in Q2 to -5.5% in Q3 and then to -7.0% in Q4. For the whole year, the goods-producing sector is estimated to have declined by 9.3%, due to the continued decline in worldwide demand for electronics. On the other hand, the services sector is estimated to have grown marginally by 1.5%. Both sectors have slowed down substantially compared to 2000 when growth rates of 10.1% and 8.9%, respectively, were recorded.

Recent trends in the domestic labour market

Data on the labour market in 2001 are only available for the first three quarters of the year. The data show that total employment fell while unemployment rose during the year. In tandem with the economic downturn, but with a lagged effect, *total employment* in the third quarter fell by 12 452 after growing by 23 200 in Q1 and 3 300 in Q2 (see Table 2). The seasonally adjusted *total unemployment rate* rose from 2.4% and 2.6% in March and June to 3.8% in September 2001. The *unemployment rate among the resident workforce* rose from 3.0% to 4.0% over the June-September period. *Retrenchments* totalled 17 247 in the first three quarters of the year, up from 11 624 for the whole of 2000. There were fewer jobs opening available in Q3, at 32 per 100 job seekers, compared to 61 in June and 76 in September, as new job seekers joined the labour market.

Compared to 1997 (*i.e.* before the Asian financial crisis), there is an increase in the proportion of managers and executives among the locals retrenched in Q3, from 23% to 37%. On the

other hand, the proportion of unskilled production, cleaning and related workers declined from 57% to 46%. The unemployment rate in December 2001, estimated to be about 4.5%, is close to the level in December 1998. The number retrenched in 2001 is expected to reach 25 000 – below the 29 000 in 1998.

Migration

Number of foreign workers and trends in their employment

With a small resident workforce of only 1.5 million, Singapore needs to import foreign manpower at all levels to augment the local workforce and support economic growth. Employment passes (EPs) are issued to degree holders, professionals and workers with requisite skills earning basic monthly salaries of S\$ 2 500 or more a month (up from S\$ 2 000 since December 2001) while work permits (WPs) are issued to foreigners with little or no qualifications earning no more than \$2 500. There has been an increase in the number of skilled foreign workers on EPs over the last ten years. Singapore regards the admission of foreign talent as an important economic strategy as human capital is a key competitive advantage in a knowledge economy. The profile of workers on WPs has also improved over the years as a result of tighter policies restricting the admittance of low-skilled foreign workers.

Data computed from the results of the 2000 census show the number of foreigners working in Singapore to be about 612 000, constituting about 29% of the total workforce. The majority (56.6%) had below secondary education, and three out of four were employed in the unskilled jobs as production workers, machine operators and labourers or related workers (see tables below). Fewer than one in five were professionals, managerial workers or associate professionals/technicians. The proportion with university degrees was about 13%, with males outnumbering females 3:1. Women foreign workers were more likely to have secondary and upper secondary qualifications.

The data on the foreign workforce shown above do not include foreigners who have been granted permanent resident status or citizenship in Singapore. Employment pass holders and other foreigners with special talent who can contribute to Singapore are eligible to apply for permanent resident status for themselves, their spouses and minor children. Hui (2001)¹ estimates that about 326 000 have been granted permanent resident status over the period 1980-1999. The results of the 2000 census show that the educational profile of new arrivals has risen over the years (see table below).

Number of emigrants and trends in their employment in foreign countries

There are an estimated 200 000 Singaporeans living overseas (*The Straits Times*, 19 February 2001). Detailed information is, however, not available.

Trends in illegal immigration

A total of 16 500 immigration offenders and overstayers were apprehended in 2000 (*The Straits Times*, 24 February 2001). This was a decline from the 23 000 apprehended in 1998 and 17 000 in 1999. The immigration offenders arrested were mainly from Bangladesh, China and India. In response to an increase in human smuggling syndicates targeting lowly paid commercial drivers to

¹ Hui Weng-tat (2001), "Foreign Manpower and Development Strategy in Singapore", in *Proceedings of the International Workshop on International Migration and Structural Change in the APEC Member Countries*, Institute of Developing Economies, Japan.

sneak in illegal migrants, the government announced that it would start using mobile x-ray machines to detect people hiding in cars and trucks. The number of traffickers arrested rose from 27 in 1999 to 40 in 2000 (*Asian Migration News* 15 January 2001).

According to the Ministry of Manpower, 2 615 of the 18 500 foreign workers screened in 2001 were working illegally. About 40% of the workers caught were invalid work permits holders, i.e. they were performing work not in accordance with the approved occupation or employer shown in their work pass. Another 35% were holders of Social Visit Passes, and 25% were immigration offenders, i.e. illegal immigrants and overstayers. Over the last five years, about 30%-35% of foreign workers screened were working illegally.

In 2000, MOM implemented the four “P” strategies to enhance enforcement efforts on foreign manpower management and employment:

- *Promotion*: Increase the awareness of employers on the foreign manpower employment laws, regulations and employment conditions, through seminars and briefings to newly registered companies and to new licensees of stalls, entertainment outlets, clubs and other business activities.
- *Prevention*: Enhance the security of and control over foreign workers at work sites/work places and promote self regulation within industries through security audit inspections, provision of advisory services and assistance in the implementation of the measures.
- *Policing*: Maintain the integrity of the foreign manpower work pass system and employment regulations through the conduct of inspections/raids on all industry sectors, and to take punitive action against errant employers.
- *Partnership*: Work in partnership with all enforcement and regulatory agencies to conduct integrated enforcement activities to combat illegal employment in Singapore.

Under a special rehabilitation scheme, a small, selected group of immigration offenders are allowed to work as cleaners at some food courts after serving their jail terms of between one and four months. They are paid between \$60 and \$120 a day. The Industrial and Services Co-operative Society (ISCOS), an ex-prisoners’ self-help body allows the workers who are put up in flats and lodging houses, to use their pay for meals and accommodation. They can also save a part of the salary as pocket money to take home (*Straits Times Interactive News*, 10 November 2001).

Trends in social integration of foreigners

Singapore adopts a policy of equal treatment for local and foreign workers under its laws. The Employment Act, the principal legislation stipulating the basic terms and conditions of employment, apply equally to foreign and local workers. Foreign workers covered by the Act are entitled to prompt payment of salaries, payment for overtime work and other statutory non-wage related benefits like annual leave and sick leave. Foreign workers, like local workers, are also covered under the Workmen’s Compensation Act, and are compensated in the same manner as local workers if they are injured at work. Civil and criminal laws such as the Penal Code also equally protect all foreign workers. The laws are rigorously enforced in Singapore, and the same equality applies when it comes to offences committed by foreigners.

Foreign workers enjoy free access to all social facilities, including medical, transport and recreational facilities. They are allowed to gather at public places for recreation, and have access to the high standards of medical care enjoyed by Singaporeans at the same subsidised rates.

There is a special Foreign Workers Unit at the Ministry of Manpower set up to address the grievances of foreign workers. Conciliation and advisory services are offered free of charge to the foreign workers.

Policy changes and trends in policy debate regarding migrants and their employment

The worsening economic situation in 2001 and the run-up to the general elections held on 3 November 2001 provided the occasion for the debate on foreign workers to rise to a new level. As retrenchments and unemployment rose, Singaporeans increasingly questioned the appropriateness of the government's foreign worker policy and the quality of talent recruited.² The government maintained that foreigners contributed to economic growth, citing a study by Ministry of Trade and Industry (MTI)³ that showed that employment pass holders contributed 2.87 percentage points (nearly 37%) to GDP growth in the 1990s. The government maintained that Singapore should not adopt a discriminatory policy against foreign workers in times of economic difficulty, and urged Singaporeans to take advantage of the many training and re-training opportunities to upgrade themselves. This is because the new jobs created would have to be filled by skilled workers (see section below on employment creation policy).

In December 2001, the Ministry of Manpower raised the minimum salary criterion for employment pass from S\$ 2 000 to S\$ 2 500. This is to ease the competition between fresh local graduates and foreigners who are willing to accept lower wages than Singaporeans. In addition, the educational criterion for low levy foreign workers (i.e. skilled work permit holders) has been raised to ensure that a greater proportion has at least completed Secondary 4 or its equivalent or possessed NTC-3 (practical) certificates.

Trends in job creation policy

Under pressures of rising domestic costs and global competition, Singapore is restructuring its economy yet again, moving from capital-intensive to knowledge-intensive manufacturing and services industries. The growth sectors identified under the Industry 21 economic blueprint for the 21st century are: electronics, chemicals, engineering, life sciences, education, healthcare, logistics, communications and the media and headquarters operations. The Economic Development Board also aims to promote the growth of a small number of local companies with world-class products and services. The government expects to create 20 000-25 000 jobs annually, with the majority (two out of three of 15 000 new jobs in the manufacturing sector and three out of four of the 5 000-10 000 created in the exportable services sector) requiring knowledge and skilled workers. For example, in the area of Life Sciences, in view of the sophisticated equipment and technology used, a highly skilled workforce, with at least NTC-2 certificate at a minimum and many holding higher degrees, is needed. Demand for higher-skilled, better-qualified workers and more specialised professionals is expected to increase in all sectors.

² See, for example, Cherian George, "Why talents rally in the Valley", *The Sunday Times*, 29 December 2001; "Ensure that foreign talents boosts S'pore's competitiveness", *The Straits Times Interactive*, 11 January 2002.

³ See Tan Kong Yam et al. (2001), "Has Foreign Talent Contributed to Singapore's Economic Growth? An Empirical Assessment", Ministry of Trade and Industry Paper (www.mti.gov.sg).

On the other hand, about 40% of the Singapore workforce are unskilled (with less than secondary education). The number of graduates of the relevant disciplines, particularly at the more advanced levels, is small relative to the projected demand. Singapore does not have enough research scientists and engineers and other knowledge workers, with a RSE (Research scientists and engineers) ratio per 10 000 labour force at 66, compared to 98 for Japan, 94 for Finland and 74 for the US.⁴ For this reason, a S\$ 60 million Life Sciences Manpower Development Fund has been set up which awards scholarships for postgraduate training at local and top overseas universities for various life-sciences disciplines such as bioinformatics, biomedical, engineering genetics, immunology, molecular and cell biology. Singapore has also continued to recruit “foreign talent” in spite of rising unemployment and concern among its population.

Latest research/statistics on international migration

Two recent studies, by Hui, Tan et al., have already been cited above.

As mentioned, Tan et al. concluded from their econometric study that employment pass holders contributed significantly to Singapore’s economic growth in the 1990s. More than one third of the 7.8% growth rate achieved during this period was attributed to EP holders, as compared to 14% by the local workforce and 27% by capital.

Hui concludes that foreign manpower will continue to be needed to augment the local workforce. However, he also cautions that “The greater influx of foreign talent could also possibly heighten emigration tendencies leading to outflow of locals and permanent loss of human capital investments”. The policy challenge, according to Hui, “is to assuage public fears and resentment about foreign talent competition and threat to job security and to enhance and highlight the positive benefits of citizenship” (p. 209). He also suggests that “Singaporeans can be made more receptive towards the influx of foreign talent if there are greater assurances about commitment of employers and the government to retain and nurture local talent” (*ibid.*).

International cooperation on international migration

The Singapore Co-operation Programme (SCP) under the Ministry of Foreign Affairs provides technical training to developing countries, either bilaterally or in co-operation with third countries or multilateral organisations. In addition, the government also offers the Singapore Scholarship to citizens of ASEAN countries for undergraduate study in Singapore. Scholarships are also granted by non-governmental organisations such as the Singapore International Foundation (SIF), the Association of Nanyang University Graduates and the Singapore Chinese Chamber of Commerce. The SIF reveals that it has awarded 92 scholarships since 1999 (*The Straits Times*, 14 January 2002). Autonomous and independent schools have also recruited students from overseas. It is hoped that such exercises would expose Singapore students to other cultures, spur Singaporean students to excel and also that some of these foreigners would remain to contribute to the Singapore workforce.

⁴ See Koh Ai Tee (2001) in *Perspectives 2001*, edited by Yap Mui Teng, Singapore: Times Academic Press for the Institute of Policy Studies.

Policy making process on immigrants and foreign workers

Ministries and agencies that participate in the policy-making process on immigrants and foreign workers and the role of each

The Ministry of Manpower is the main ministry responsible for regulating the entry of foreigners for purpose of employment, while the Ministry of Home Affairs/Singapore Immigration and Registration is responsible for immigration policy for foreigners in or entering Singapore for social visits and non-work-related purposes.

Co-ordination between ministries and agencies, and the role of other participants

The Ministry of Home Affairs/Singapore Immigration and Registration and the Ministry of Manpower often consult each other to ensure that policies are effective and not contradictory. When needed, views of employers unions and trade unions are consulted in the spirit of tripartism and consensus-building.

Policy making process on immigrants and foreign workers

Manpower policies and strategies are formulated based on information and forecasts on industry trends and needs, obtained through the MOM's manpower planning efforts and projections as well as feedback from and consultation with government economic agencies and industries. Regular industry and company visits are also conducted by MOM to better understand the working environment and manpower needs of various industry sectors. Depending on the subject matter of the policy, these stakeholders may come from the public or private sector or the community. For foreign manpower, the stakeholders include:

- i) Government economic agencies overseeing various economic sectors or involved in economic policy making, *e.g.* the Economic Development Board, the Trade Development Board, Singapore Tourism Board, Ministry of Trade and Industry;
- ii) Enforcement agencies such as the Singapore Immigration and Registration, and the police;
- iii) Other government agencies which have more direct dealings with foreign manpower issues, *e.g.* the Ministry of the Environment;
- iv) Employers' associations, individual employers and foreign workers;
- v) Grassroots organisations and members of the public (through the government's Feedback Unit or other feedback channels such as the media);
- vi) Other groups such as non-governmental organisations and foreign embassies in Singapore.

In relation to the example cited above, where the Ministry of Manpower raised the minimum salary criterion for employment pass from S\$ 2 000 to S\$ 2 500 and the educational criterion for low-levy work permit holders, this was to raise the profile of the Singapore workforce and serve the growing need of industries for more skilled workers and to help Singapore compete for global investment. These policies are constantly reviewed, in close consultation with government economic agencies and industries, to ensure that they remain relevant and effective in meeting the changing

economic needs. Such reviews cover the full range of economic sectors, including manufacturing, service, process and construction.

The timeframe for individual policies to go through from initial discussion to implementation can vary widely depending on the complexity of issues, consultation process and implementation details and the urgency involved. Routine policy reviews can be completed in a few weeks. Issues which are complex and which involve many stakeholders take longer. Complex issues are generally handled by inter-ministry or multi-agency task forces. For example, the Construction 21 multi-agency study on manpower policies in the construction sector took one year to arrive at its recommendations.

Key elements affecting policy-making on immigrants and foreign workers

The key factors affecting policy making on foreign workers include:

- i) employment trends and surveys conducted by statistics departments;
- ii) enforcement statistics;
- iii) wages and other labour force surveys;
- iv) feedback by stakeholders such as employers' unions and members of the public.

Outlook for economic and migration policies and their likely impact

According to the Ministry of Trade and Industry's Third Quarter 2001 report, the adverse external economic environment (slowdown in the US, Japanese and EU economies, and downturn in semiconductor industry, aggravated by September 11 attacks) has affected Singapore significantly. Growth prospects are expected to remain poor until the external demand improves. Business sentiments have been aggravated by increased economic uncertainties. The preliminary growth estimate for 2001 is better than initially expected. However, the government continues to urge caution even as private sector economists have predicted that the worst is over for the Singapore economy, and some academic economists are even predicting a 7% growth rate. Official projection of the 2002 growth rate remains at -2% to +2%.

The gloomy economic outlook has definitely impacted the outlook for the labour market. However, job opportunities are still available in niche areas/occupations as 14 000 jobs are still waiting to be filled (as at Q3 2001). Job opportunities at the higher end for health professionals, educators, research scientists and infocom manpower. At the semi to low skilled levels, there is demand for nursing aides, healthcare assistants, sales associates, waiters, mobile vehicle drivers and mechanics.

Table 1. GDP at 1990 market prices (advance estimates)^a

	1Q00	2Q00	3Q00	4Q00	2000	1Q01	2Q01	3Q01	4Q01	2001
Overall GDP	9.8	8.4	10.3	11.0	9.9	4.8	-0.4	-5.5	-7.0	-2.2
GPI ^b	6.5	8.9	11.0	13.7	10.1	2.6	-6.5	-15.0	-16.2	-9.3
SPI ^c	10.4	7.2	9.2	8.7	8.9	5.5	2.7	-0.4	-1.6	1.5

Notes:

- Figures measure percentage change over the corresponding period of previous year.
- Goods-Producing Industries.
- Services-Producing Industries.

Source: Ministry of Trade and Industry, Advance GDP Estimates for Fourth Quarter 2001, 2 January 2002 (www.mti.gov.sg).

Table 2. Manpower statistics

	2000	1Q01	2Q01	3Q01
Employment creation	108 500	23 200	3 300	-12 500
Unemployment rate (%)	3.1	2.0 (2.4)	3.4 (2.6)	3.0 (3.8)
Unemployed persons ^(a)	65 400	43 100 (52 100)	72 900 (54 900)	65 000 (81 000)
Number of retrenched workers ^{(b)(c)}	11 624	3 248	5 631	8 368
Job Vacancy to job seeker ratio ^{(a)(c)}		0.76	0.61	0.32
Real growth in average monthly earnings (%) ^(d)	7.5	3.8	4.2	3.9

Notes:

- Figures in parentheses are seasonally-adjusted.
 Figures for 2001 are as of March, June and September (preliminary).
 Number in each quarter.
 Figures are for private sector establishments with at least 25 employees.
 Figures show growth over corresponding period of the previous year.
 Source: Ministry of Manpower (www.mom.gov.sg).

Table 3a. Foreign workforce (aged 15 and older) by gender and highest qualification attained, 2000

	Total		Males		Females	
	No.	%	No.	%	No.	%
Total	612 234	100.0	381 326	100.0	230 907	100.0
No qualifications	131 244	21.4	98 006	25.7	33 237	14.4
Primary	105 025	17.2	65 874	17.3	39 152	17.0
Lower secondary	110 317	18.0	64 626	16.9	45 691	19.8
Secondary	123 447	20.2	58 674	15.4	64 773	28.1
Upper secondary	31 681	5.2	13 107	3.4	18 575	8.0
Polytechnic	4 309	0.7	3 167	0.8	1 141	0.5
Other diploma	25 044	4.1	16 403	4.3	8 641	3.7
University	81 167	13.3	61 469	16.1	19 697	8.5

Source: Census of Population 2000 Statistical Release.

Table 3b. Foreign workforce (aged 15 and older) by occupation, 2000

	Number	Percent
Total	612 233	100.0
Senior officials and managers	37 455	6.1
Professionals	36 334	5.9
Associate professionals and technicians	29 699	4.9
Clerical workers	17 884	2.9
Sales and service workers	28 963	4.7
Agricultural and fishery workers	292	0.0
Production, craftsmen and related workers	159 690	26.1
Plant and machine operators and assemblers	66 482	10.9
Cleaners, labourers and related workers	234 881	38.4
Workers not elsewhere classified	553	0.1

Source: Census of Population 2000 Statistical Release.

Table 4. Foreign-born resident population by year of arrival in Singapore and highest qualification attained, 2000^a

	1981-1990		1991-2000	
	Number	%	Number	%
No Qualifications	4 088	4.9	3 897	3.3
Primary ^b	18 248	21.9	12 989	11.0
Secondary	19 107	22.9	18 957	16.0
Upper secondary ^c	21 013	25.2	31 029	26.2
University	20 864	25.0	51 387	43.5
Total	83 320	100.0	118 259	100.0

a. Refers to citizens and permanent residents aged 15 and older who are not students. The figures are likely to include foreign-born spouses of Singapore citizens.

b. Includes lower secondary.

c. Includes polytechnic and other diplomas.

Source: Census of Population 2000 Statistical Release Notes.

ECONOMIC STAGNATION, THE LABOUR MARKET AND INTERNATIONAL MIGRATION IN THAILAND

by

Yongyuth Chalamwong

Thailand Development Research Institute (TDRI)

Introduction

Since the last meeting at the Japan Institute of Labour in early January, 2001, Prime Minister Thaksin Shinawatra has succeeded to Chuan Leekpai in February, 2001. After almost a year in office, the new Prime Minister came to the conclusion that the country's fundamental woes would take years to overcome. He has to face internal and external problems, among which a growing uncertainty in global markets originating from major world trading partners like the United States and Japan, and stiffer competition in the region. What is more, the terrorist attack on the World Trade Center in New York City and Washington D.C. has slowed down further reform, while making it even more crucial.

When Prime Minister Thaksin took office in early 2001, his image, according to Ingsrisawang (2000*b*), was that of a white knight leading the new government. But his fate also came with political uncertainty, as he had been charged by the National Counter Corruption Commission for violating asset disclosure laws while serving as a deputy Prime Minister in the earlier government. A verdict of guilty, which he managed to avoid, would have banned him for five years from political office and removed him from the limelight.

Thaksin decided to implement a dual-track economic development policy in which foreign investment (the driving engine of growth) and domestic growth would be promoted in parallel, by giving the priority to grassroots enterprises, SMEs, and micro-credit. At the same time, privatisation and generous tax incentives were implemented to encourage multinational companies to set up regional headquarters in Thailand. This "outward looking", along with "inward looking", is an effort to get Thailand back on a normal track of development.

The Thai economy

Because of the slowdown of the world economy, especially among Thai trading partners such as the United States and Japan, the Thai economic growth rate was expected to reach only 1.5% in 2001, down from 4.4% in 2000, as the inflation remains low at about 2% and current account registers net surpluses of 4.1% of GDP. Private consumption and investment were expected to grow by 3% and 5% respectively. The government spending remained at the same level as the preceding year. Export reached USD 63.8 billion, decreasing by 6.1% since 2000. Import was slightly lower than export at USD 62.5 billion, a 0.1% increase. The current account registers net surplus of USD 4.7 billion, that is, 4.1% of the GDP (Table 1).

The National Economic and social development Board (NESDB) released the most recent forecast of the Thai economy in December, 2001, which indicated that the economy is entering a stagnation period as the growth rate of the GDP grew only by 1.5% in the third quarter of 2001, a 1.9% since the previous quarter. Seasonally adjusted, the growth rate of the GDP in the third quarter was of only 0%; the NESDB also expected the GDP would grow only 0.8% in the final quarter of

2001. Apart from an external factor attributable to this slowdown – such as the September 11 terrorist attacks on the US, Thailand’s major export market,¹ the state of things seems to have been worsened by the absence of government measures.

The results of 2002 will depend on the new Prime Minister’s will to turn threats into opportunities. Internal and external “threats” include: 1) how to reach a sizeable public debt – the current one represents almost 65% of the GDP – and to restructure and liquidate the Thai Asset Management Corporation more efficiently; 2) how to improve export performance under this worldwide slowdown; and 3) how to increase direct foreign investment (FDI) under fierce competition from neighbouring countries such as Mainland China and Vietnam.

The positive factors that would support the growth include: 1) a fair amount of public expenditure to stimulate the economy and 2) initiatives towards the local and community economies (using village funds). Since cautiousness is necessary as regards the effects of its “outward looking policy”, strong commitment of an “inward looking policy” may bear fruits in 2002, limiting the devastating effects of the worldwide slowdown in 2002.

In short, the current government’s goals were reoriented towards the development of the country’s inner strengths to cope with the external shock. The economic policy aims at reviving growth at the grassroots level, easing poverty and putting the country firmly on the road to sustainable development.

The Thai labour market

After the 3% decrease in the growth rate in 2001, the government took the decision to open a process of registration to all illegal migrants in all areas and occupations residing in Thailand since August 28, 2000 or before. Hopefully, this idea will bring about a better management of illegal migrant workers coming from neighbouring countries, but labour economists show scepticism and the public opinion seems concerned as at least 1.3 million nationals (or about 3.78% of the labour force) are unemployed.

The number of low-skilled unemployed workers reached almost one million, some of these people’s job opportunities seem to have been taken away by foreign workers – a major concern among those who disagree with the government’s decision to run a regularisation campaign.

The Labour Force Survey of the National Statistical office (NSO) released in November, 2001 indicates a 5% (*i.e.* 500 000 persons) increase in the workforce due to population growth. The Third round survey of the NSO also showed that 890 000 people were unemployed in 2001 (1.42%), compared with 810 000 (1.3%) in 2000. The amount of underemployment (less than 35 hours per week) of round 1 to round 3 of the surveys in 2001 was much higher than 2000, mainly because of the impact of the slowdown on exporting industries (producing at about 51-53% of their capacities) and of lacking demand and ineffective stimulation packages introduced by the government.

In fact, the total unemployment rate has improved since the financial crisis, rising again after a peak in 1998. However, the unemployment rate among highly skilled workers has been higher than the total unemployment rate for at least four consecutive years, jumping from 1.4% in 1997 to over 5% in 2001. The causes for this phenomenon might be the following: 1) a slowdown of almost all sectors, especially export. The financial and banking sectors, which have not fully recovered, intend to lay off more and more people; and 2) the fact that the Civil Servant Commission has been practising a

¹ Together, Japan and the United States accounted for 30% of Thailand’s total export.

downsizing policy for government and state enterprises employees for several years. These organisations used to be the main working sector for the highly skilled.

Before the crisis, the growth of wage rates in all sectors had somewhat fluctuated and declined but had remained positive in all sub-sectors. After the crisis, they turned negative in 1998 before becoming positive again in 1999 in all sectors except for agriculture, and turning negative again in 2000 except for agriculture, when the prices of many commodities increased. The impact of the crisis seem to depress wage rates in all sectors where the Thais hired illegal migrants, making equal protection and migrants receiving the same protection and coverage as Thais very difficult (Table 2).

The current government has implemented several measures to tackle unemployment problem, encouraging inter-Ministerial co-operation between the Ministry of Labour and Social Welfare, the Ministry of Education, the Ministry of Industry and the Ministry of Finance, and the Government Financial Institutions. These measures are described in Appendix 2.

International migration

Emigration

The 1997 Asian financial crisis has affected career stability among Thai workers in various sectors and occupations. It is poor career opportunities that have motivated the decision to seek job opportunities and wealth abroad of most skilled workers (Chalamwong, 2001a). During 1999 and 2000, the number of total departures from Thailand was of respectively 10.37 and 10.35 million, of which 77.8% departed to OECD countries and 25.9% to non-OECD countries. In 2000, the favoured emigration destinations to OECD countries were Japan, the UK, the US, Korea and Germany whereas China, Chinese Taipei, Malaysia, Singapore and Hong Kong (China) were among the favoured countries elsewhere (Table 4). The number of outgoing nationals increased from 1.65 million in 1999 to 1.9 million in 2000 (a growth of 15.3%). The outgoing Thais seeking employment abroad increased both to OECD and non-OECD countries. The total number of departures to OECD countries increased by 21.78%, compared to 13.71% elsewhere (Tables 5 and 6).

Out of 1.9 million outgoing Thais in 2000, 0.63 million were labourers, production and service workers, 0.33 million were clerical, salesmen and commercial personnel, 0.19 million were students and 0.1 million were housewives and unpaid family workers. It is interesting to note that number of outgoing Thais in all ten occupations except for agricultural workers increased. According to gender, more men departed in 1997 and 1998 but the trend was reversed in 1999 and 2000 (Table 6).

The overall number of Thai workers abroad as recorded by the Ministry of Labour and Social Welfare (MOLSW) in 1999 and 2000 decreased by 4.6% compared with the 4.3% increase that occurred in 1997 and 1998. The number of Thai workers going to Japan, Italy and Germany decreased while Australia, the UK, the US and Korea saw their inflow from Thailand augment in 1999 and 2000. Emigration to Chinese Taipei decreased from 115 000 to 107 000 – as did emigration to Singapore – as a result of high unemployment rates in this destination country, while outflows increased to Hong Kong (China) and Malaysia (Table 7). Table 8 examines the stock and growth of Thai workers working overseas as located by the Thai Office of Labour Affairs. The statistics show an overall declining trend, with a decrease in emigration to six countries in 2000; Hong Kong (China), Malaysia, Chinese Taipei and Saudi Arabia remain popular destination countries.

According to the Bank of Thailand, in 2000, remittances sent through the banking system reached THB 68 836 million (USD 1 530 million) , increasing by THB 55 278 million

(USD1 228 million), or by some 19% since 1999. These remittances, which are definitely helping the current account balance of Thailand, accounted for about 2.4% of its total export value.

Emigration policies have not changed over the past two years. The MOLSW still encourages workers of all skill and educational levels to seek employment overseas through private placement agencies. The government has used the G2G to send workers abroad from time to time for the purpose of keeping the placement fee of the private in check. For example, in 2000, only 528 workers were sent directly by the Department of Employment. However, the government vowed to step up measures to keep the placement fee at reasonable levels and to better look after the welfare and living conditions of Thais working overseas. In 2000, 68 domestic and overseas recruitment agencies out of the 256 operating were suspected of wrong-doing and 3 had their licenses temporary withdrawn.

When the conflicts between Israel and the Palestine heated up in late 2001, the MOLSW took measures to evacuate about 20 000 Thai workers from Israel for their own safety. Even though the situation between the two sides has improved, the MOLSW is still monitoring their impacts on Thai workers very carefully.

Immigration

For about five years, Thailand has been one of the countries with the highest number of immigrants in Asia, including a large number of illegal migrant workers from neighbouring countries. Tourism, border trade, skilled and low-skilled employment, commercial sex trade, transit to other countries and business immigration or immigration for permanent residence are the main causes of these inflows (Chalamwong 2001b). The total arrivals to Thailand reached 10.3 million in 2000 (+1.63%), among which 9.5 million were tourists, 70 203 were overseas Thais (-1.02% since the previous year) and 800 000 were unknown arrivals (Table 9). Among the arrivals from OECD countries (which increased by 84.6%), Japan accounted for 1.15 million (+2.97%), while the UK, the US, Korea and Germany were among the subordinates. In comparison to Non-OECD countries, China, Chinese Taipei, Malaysia and Singapore accounted for the largest number of arrivals. The growth rate of arrivals in 2000 was 25.8% lower than in 1999 (Table 10).

Alien employment in Thailand can be classified into two major categories: legal and illegal alien workers. According to Table 11, there were 102 612 legal workers in 2000, a decrease of only 0.15% since 1999 accounted for by the general drop in the number of permanent foreign workers (-17.4%). The situation of illegal workers has increased slightly in 2000 due to the rising number of businesses or households seeking to cut costs by hiring more low-skills-low-wage illegal workers from neighbouring countries.

In 2000, the government (through the MOLSW) allowed the same number as 1999 of illegal migrants to regularise their status. However, the number of actual registrations dropped slightly by 0.34%, resulting in an increase in the number of non-registered migrants (Table 12). The MOLSW issued 4.32% more work permits than the previous year. Administrators and managers, service workers, agricultural workers and craftsmen and transportation workers were among the occupations that maintained higher demand while professionals and technicians, clerks and commercial workers showed substantial lower demand (Table 12).

In spite of a total average growth of 4.32% during 1999/2000, alien workers from OECD countries showed a negative growth (1.29%), except for Australia. By contrast, the number of alien workers from non-OECD grew by 8.66%. China, the Philippines and unidentified countries contributed to this rise, while Chinese Taipei and India decreased by 21.5 and 21.8% respectively (Table 14).

Immigration policies

Prime Minister Chuan Leekpai's government had granted work permits to illegal migrant workers, mostly low-skilled, from neighbouring countries. According to the Cabinet's resolution in 1998, workers of Myanmar, Laos, and Cambodia could be given work permits to work in 54 provinces in 47 occupations, and in 1999, this was extended to other provinces and occupations.

As a result of the measures taken in 1999, illegal immigrants have continuously been pushed back, arrested and deported. The statistics released by the National Security Council (NSC) indicated that 319 629 were arrested in 1999 and 444 636 in 2000. Employers and business owners who continued to hire undocumented workers after the granting period expired can also be arrested and prosecuted. More than 1 000 employers were arrested and sentenced in 2000.

There were proposals from the National Advisory Council for Labour Development and the NSC's Sub-committee on Solving the Problem of Illegal Migrants to set up a permanent organisation to manage illegal migrant workers. This organisation, called the "Office of the Administrative Commission on Irregular Workers" (OAW) was finally approved by the Cabinet in mid-2001. It was chaired by the Prime Minister or the appointed Deputy Prime Minister. The MOLSW was in charge of the setting up of its administrative office. The committee, which consists of 29 representatives from various organisations, aims at proposing policies, measures, master plans, at setting up the conditions of negotiations, and at seeking co-operation and helps from other countries. It also establishes networks that help manage foreign labour in Thailand and develops legislation and regulations. However, this office has only started to operate in November, 2001 and his actions have not progressed as one could have expected.

However, after the work permits given to illegals expired in August, 2001, Mr. Thaksin's new government came up with a new policy allowing all illegal migrant workers already residing and working in Thailand to report to the Royal Immigration Police. They could apply for temporary work permits from the MOLSW before the end of October, 2001. These alien workers were first granted six-month work permits and were required to pass a physical examination before getting it extended by six more months. The registered migrants who could not pass the physical check up would be deported.

A number of 562 527 illegal workers were reported in 10 types of business occupations. These include:

Type 1: Agriculture. Workers cultivating vegetable, fruit, sugarcane, palm oil, coffee, etc. (18.33%).

Type 2: Mining industry (0.25%).

Type 3: Brick and porcelain-making factories (0.64%).

Type 4: Construction Industry. Construction workers (8.49%).

Type 5: Ag. Processing Industry. Rice-milling workers (1.1%).

Type 6: Livestock. Hog and chicken breeders (5.28%).

Type 7: Fishery. Marine and Fresh water fisheries workers (17.7%).

Type 8: Transport. Manual workers in commodity transportation inside cargoes (2.27%).

Type 9: Domestic Workers. Housemaids or servants (14.41%).

Type 10: Special Businesses. Special businesses other than those 9 types.

10.1 Having employers (26.86%).

10.2 Having no employers (4.68%).

Out of 562 527 registered migrants, 79.82% were Burmese, 10.38% from Laotian and 9.8% Cambodian, a figure that the government seems to find satisfactory. But it is believed that at least 300 000 to 400 000 illegal workers did not register, especially those coming to work in Thailand seasonally along the border provinces of the country.

The government is now facing the issues entailed by the coming expiration of the latest regularisation process. Can the government keep the promise that there will be no more extension of the current work permits after the one-year term expires? Will Thailand import foreign labourers to fill up the shortage of low-skilled workers? What measures are to be taken regarding registered illegal workers who refuse to return to their countries of origin after the expiration date? These are just a few questions raised by the public opinion, questions that in my opinion, the new government-based organisation cannot but address.

International co-operation on international migration

It has been a long time since Thailand signed bilateral agreements with such neighbouring countries as Malaysia, Laos, Myanmar and Cambodia. With Malaysia, Northern Malaysia in particular, the leadership of regional military infantry and/or border provinces' governors had signed agreements to create a joint patrol on the border, especially at the time when communist movements and separatist groups were very strong the four southern provinces. Today, as separatist groups have disappeared, the joint border committee focuses more on economic issues, *i.e.* ways to cope with illegal entry and employment. The agreement aimed at stopping the clandestine entry of Thais as well as others coming from third countries such as Myanmar, Bangladeshi, Chinese and Southern China in general.

There have been discussions under the multi-lateral agreement of IMT-GT of the regional growth triangle to establish an international training centre in a southern province of Thailand with the MOLSW. In the process, proposals were made to ease the restriction on labour movements across the border.

Similar Joint Border Committees have been established in many major provinces of Thailand such as Tak, Chiang Rai, Kanchanaburi and Ranong with Myanmar local authorities to discuss all matters of conflict between citizens of the two countries including the military activities infrastructure development, trade, and cross-border movements. So far, the government of Myanmar and the Thaksin's administration have formally discussed matters pertaining migrant workers to Thailand and other important migration issues.

Trade and investment co-operation has also been established between Thailand and three other northern neighbouring, namely Laos, Southern China and Myanmar. Discussions over migration and employment matters have not been made public yet. Thanks to a close co-operation between the Joint Border Committees of Laos and Cambodia, there has been no difficulties on any part to exchange information and facilitate border-crossing.

Social integration

In spite of the 1995 "registration" process of illegal/undocumented migrants in 1995,² these registered workers are restricted to certain occupation and areas. They do not receive the same level of

² Thailand did not grant an amnesty to illegal/undocumented migrants but rather used the existing Article 12 of the Work of Aliens Act to issue work permits to those caught who were awaiting to be repatriated.

freedom of movement as local workers (*i.e.* they enjoy limited freedom outside their workplaces) but they are supposed to receive the same rights and protections as local workers according to the labour protection laws. They are also supposed to receive the same minimum wage rate and social security benefits. In practice, they are quasi-employees, but their accessibility and protections are fairly limited. In most cases, as they cannot read Thai, are unaware of such rights and afraid to complain to officers and/or employers, they are exploited, either on their pay or in the number of hours they are compelled to work. Recently, this picture has changed when more than 200 registered workers from Myanmar protested at the provincial office in one of the coastal provinces, requesting better treatment from the factory owner.

An effort was made by the government to limit illegal entries in 2002 and start encouraging legal recruitment and employment in a very near future (*i.e.* this process could be called “social integration of the foreign workers from neighbouring countries”).

Family reunion is currently prohibited for fear of social issues, but many undocumented migrants have been in Thailand for almost a decade and some of them have brought in their spouses and had children. For humanitarian purposes, they are provided with social services such as state hospitals and public schools. The Cabinet resolutions of September, 1999 allow family reunion to registered migrants, but should the spouse get pregnant, they are required to go back to their home countries.

By contrast, expatriates (*e.g.* foreign experts) can bring along their families and receive better care than registered undocumented workers, such as public amenities and social services. The government allows them to have their own schools or enter a public or a private school if they wish to do so. In general, these expatriates are well paid by their employers and often receive welfare and/or fringe benefits at much higher levels than the ones stated in the Thai Labour Protection Laws.

Update on the policy-making process for illegal migrants

As mentioned in Chalamwong (2001c), many organisations, namely, the NSC, the MOLSW and the NACLCD provide the government with recommendations on the management of irregular migration. The Department of Employment (DOE), which works under MOLSW’s supervision, has a Committee Considering Alien’s Work composed of 14 representatives (mostly ministries and experts). This committee can issue temporary work permits to anyone including illegal migrants awaiting deportation.

A Sub-committee on Solving the Problem of Illegal Migrants has been established by the NSC; it is composed of representatives from the MOLSW, the Ministry of Public Health (MOPH), the Royal Police, the Ministry of the Interior, the Ministry of Foreign Affairs, the Public Relations Department (PRD), the Office of Economic and Social Development Board (NESDB), the Ministry of Defence, and various experts. Its main tasks are to give recommendations to the NSC to solve issues in illegal migration through the network of the sub-committee. This is one of the most effective organisations in dealing with this matter since it can submit proposals directly to the NSC, which is chaired by the Prime Minister.

The National Advisory Council for Labour Development (NACLCD) provides recommendations on labour issues to the MOLSW and can give advice directly to the government. The council, comprised of tripartite members and experts, has played major roles in the past five years.

Let us just give an example of the way these national committees have been operating since 2000: the DOE commissioned a report from the Institute of Asian Studies, Chulalongkorn University,

to evaluate the number of alien workers needed by enterprises by occupation and province, and tried to use the results of this research to support a renewal of work permits in 2001.

The Sub-Committee chaired by Secretary-General of the NSC met several times to discuss the possibility of organising new registration campaigns. At the same time, they gathered a working group to draft a law that would create a new organisation to manage illegal migrant in the longer-run; the draft was approved by the Sub-Committee and submitted to the NSC for approval and suggestions.

In addition, the NACLD set up a similar sub-committee to suggest appropriate policies. Recommendations were sent to the Minister of MOLSW, which later sent it to the government via the Sub-committee in Solving Problems of Illegal Migrants for consideration.

Finally, the sub-committee has considered the proposals of all agencies concerned and has agreed in principle to create a more permanent organisation. After almost two years of preparation, the draft was completed and submitted to the NSC and the Cabinet for approval. The National Office of the Administrative Commission on Irregular Migration was established in November, 2001.

Research on migration and networking

The following paragraphs are an update about a research project related to migration in Thailand sponsored by the ILO-IOM (International Organisation for Migration) and entitled “Thailand: Improving Migration Policy Management with Special Focus on Irregular Labour Migration”. The main objective is to contribute to the promotion of long-term growth and employment through the judicious management of foreign labour. The main output is an advisory report submitted to the government. The research works were carried on by the TDRI, the Asian Research Centre for Migration at Chulalongkorn University and the Institute for Population and Social Research, Mahidon University, in collaboration with Professor Philip Martin, ILO’s consultant, and Doctor Phillip Guest of the Population Council. This project was completed in February 2002.

In the part of the TDRI, exchanges and networking with the JIL for over five years has continuously helped improve knowledge and experience about OECD countries and Asian participating countries. The benefits of attending such annual seminars have been tremendous.

APPENDIX 1

CHRONOLOGY OF MEASURES DEALING WITH UNDOCUMENTED WORKERS

Since the first stage of the measures started (around 1989), the number of illegal immigrants has been increasing continuously. Government agencies have tried to cope with the problem. The measures for dealing with illegal foreign workers proposed during Anan Panyarachun's administration and approved by the Cabinet on March 17th, 1992 intended to:

- Warn Burmese citizens along the Thailand-Burma border that intruding Thailand is illegal and that they would be prosecuted and punished according to the law. (Forces have been used to withhold new immigrants.)
- Let Burmese citizens along the border enter Thailand to buy commodities by establishing the trading channels or border check-points, while controlling, arresting and punishing those who intrude through these check-points.
- Register and document intruders and allow them to stay in Thailand temporarily.
- Allow illegal immigrants to work temporarily in Thailand on approval of the Ministry of the Interior.

The Ministry of the Interior has issued regulations on May 2nd, 1995 concerning the working status of illegal Burmese immigrants; they:

- Allow Burmese to work in some areas especially in industrial sites along the border.
- Limit the categories of aliens who can work in Thailand, for example, the Burmese who immigrated after March 1st, 1976 and have already been registered and documented by the Governing Department.

Although a number of regulations are used to control illegal immigrants, Burmese citizens have continuously immigrated and scattered all over Thailand, moving into inner provinces in search of higher wages. In addition, entrepreneurs and other organisations such as the Chamber of Commerce or the Industrial Federation has requested from the government that they allow foreign workers from neighbouring countries by claiming that Thailand suffered from a shortage of unskilled workers. Bunhan Silapaacha's administration issued policies and measures on June 25th, 1996 to set up a system that:

- Organises and systemises the regulations by controlling illegal immigrants so that the government can manage and supervise them easily;
- Let all agents, such as entrepreneurs, employers, labourers, government agencies and people organisations take their share of responsibility.

Nevertheless, these measures have not been very efficient so far. The National Security Office has proposed on February 17, 1998 not to register or grant further work permits to foreigners, and to control registered foreigners, who would not be allowed to work in factories. The illegal immigrants who did not receive a permit must be repatriated. If they cannot be sent back immediately, temporary work permits can be granted while they wait for their repatriation.

On May 6th, 1998, the Cabinet has approved other measures dealing with alien workers, without much success. In 1999, the government issued another set of measures similar to the previous ones and that might be bearing fruits slowly but remains generally inefficient in practice. According to the 1999 measure, illegal immigrants have continuously been pushed back, arrested and deported. Employers, employees, government agents, and others involved in illegal immigration must also be arrested and prosecuted. Businesses that cannot immediately find Thai workers and need to hire illegal alien workers must request temporary work permits so that they can be systematically controlled.

Latest measures

The Alien Labourers Administration Committee, which consists of 29 persons, is presided by the Prime Minister or his representative, and has the Minister of labour serving as vice-president. Its main tasks are to propose policies, measures and plans, to set up conditions in negotiations, and to seek co-operation and help from other countries. It also establishes networks to better manage foreign labour and develops legislation and regulations.

These policies aim at avoiding the replacement of Thai workers by a cheaper foreign labour force. There are 10 types of businesses that foreign labourers are allowed to work according to the law (see Table 13 for the list of businesses).

Unfortunately, the new measures seems to have adverse effects such as the expansion of prostitution in concealed forms such as “Thai massage” and “security guards”.

APPENDIX 2
MEASURES PROPOSED TO SOLVE UNEMPLOYMENT PROBLEMS UNDER
THAKSIN'S ADMINISTRATION

Measures	Organisations in charge	Target group (No. of Workers)	Budget (Million Baht)
1. Measures to slow down lay-offs			
1.1 Thai businesses revitalization project	MOI	260 000	2 000
1.2 Offensive strategy to deter lay-offs.	MOLSW	214 000	1 400.7
2. Measures for skill training and job recruitment			
2.1 Job recruitment and career support for workers returning from a project abroad.	MOLSW	18 000	46.3
2.2 Training and inventing potential development networks for labour forces.	MOLSW	135 280	1947.6
2.3 The career support project on education (9+1 and 12 +1 years)	MOE	163 960	549.5
2.4 Career potential development for the laid-off's project	MOE	18 600	42.6
2.5 A project on training and developing workers who have potential to run SME businesses	MOE	17 700	69.3
2.6 Project for increasing the efficiency of village fund management and urban community fund management.	MOE/village fund offices	74 881	5 077.1
3. Measures to create new entrepreneurs			
3.1 Project for creating new entrepreneurs	MOI	5 000 /#of jobs created 1 500 /#of businesses invented	250
4. Measure to help the laid-off			
4.1 Extension of the benefits of the Social Security Fund	MOLSW	350 000	2 000
4.2 The handicap career training project	MOLSW	600 /# of jobs created	7.6
5. Loans and services to solve unemployment			
5.1 Loans for self-employed workers	Srinakorn Bank	Prospective and current self-employed	50 000 baht/person (max. in case of personal warranty.) 200 000 baht/person (max. in case of collateral.)

Appendix 2 (continued)

Measures	Organisations in charge	Target group (No. of Workers)	Budget (Million Baht)
5.2 Loans for workers seeking employment abroad	Srinakorn Bank	For unemployed who wish to work abroad	80 000 baht/person (max. in case of personal warranty) 200 000 baht/person (max. in case collateral)
5.3 Golden land loans	Srinakorn Bank	The retailer who wants to buy booths, shops, or areas in shopping malls or markets	100 000 baht/person (max. in case of personal warranty.) 250 000 baht/person (max. in case of collateral.)
5.4 The Nakornluang-Thai Bank project	Nakornluang-Thai Bank	The laid-off's and new graduates who cannot find jobs.	50 000 baht/person (max. in case of personal warranty.) 100 000 baht/person (max. for each project in case of more than 3 person group loan.)
5.5 Loan for job creation	The Government Saving Bank	Unemployed or laid-off graduates	50 000 baht/person (max. in case of personal warranty.) 100 000 baht/person (max. in case of no more than 6 person group loan.)
5.6 Loan for prospective workers abroad	The Government Saving Bank	The person who intends to work abroad through a recruiting agency registered with the Job Recruiting Department.	Max. 150 000 baht/person.
5.7 Loan for job creation	Krungthai Bank	The laid-off's and the workers who return from abroad f/ Nov., 2001 to Dec., 2002. and The graduates who has participated in Loan-for education project and cannot find Jobs or be laid-off	
5.8 Social Service for the unemployed	Krungthai Bank	The laid-off and the workers who return from abroad from Nov., 2001 to Dec., 2002. The graduates who have participated in loan for education project and cannot find jobs or have been laid-off.	Max. 100 000 baht/person

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Table 1. Forecasting of the Thai economy, 2001-2002

	2000	2001	2002 (1)	2002 (2)
Exchange rates (Baht/US\$)	40.27	44.60	45.00	45.00
Real growth rates of GDP (%)	4.4	1.2	2.4	0.2
Agriculture	2.7	2.1	2.0	2.0
Industry	5.2	0.9	4.0	0.7
Service	4.1	1.2	0.9	-0.8
Inflation Rate (%)	1.6	1.8	2.0	0.7
Investment growth rate (%)	5.4	0.1	3.0	1.5
Exports				
<i>Value (billion Baht)</i>	2 733.3	2 792.1	2 903.6	2 746.4
<i>(% Δ)</i>	27.1	2.2	4.0	-1.6
<i>Value (billion US\$)</i>	68.13	62.79	64.52	61.03
<i>(% Δ)</i>	19.9	-7.8	2.8	-2.8
Imports				
<i>Value (billion Baht)</i>	2 513.5	2 748.6	2 885.5	2 791.3
<i>(% Δ)</i>	39.6	9.4	5.0	1.6
<i>Value (billion US\$)</i>	62.40	61.82	64.12	62.03
<i>(% Δ)</i>	30.4	-0.9	3.7	0.3
Balance of trade				
<i>Value (billion Baht)</i>	219.9	43.5	18.1	-44.9
<i>As % of GDP</i>	4.5	0.9	0.3	-0.9
<i>Value (billion US\$)</i>	5.62	0.97	0.40	-1.00
Tourism income				
<i>Value (billion Baht)</i>	299.5	298.6	299.4	285.7
<i>(% Δ)</i>	12.7	-0.3	0.3	-4.3
<i>Value (billion US\$)</i>	7.44	6.70	6.65	6.35
<i>(% Δ)</i>	6.3	-10.0	-0.6	-5.2
Current account				
<i>Value (billion Baht)</i>	367.1	183.9	154.2	81.6
<i>As % of GDP</i>	7.5	3.7	2.9	1.6
<i>Value (billion US\$)</i>	9.37	4.15	3.43	1.81
Per capita nominal GDP (baht)	78 525	80 246	82 853	80 106
Per capita nominal GDP (US\$)	1 950	1 799	1 841	1 780
Nominal GDP (billion Baht)	4 900	5 049	5 255	5 081
Growth rates (%)	6.2	3.0	4.1	0.6

1. Export increased around 2.8%, income from tourism remained the same as 2001.

2. Export decreased by 2.8% and income from tourism decreased by 4.3%.

Source: Thailand Development Research Institute, released September 25, 2001.

Table 2. **Average monthly wage of an employee in the private sector according to education level, 1995-2000 (round 3)**

Educational Level	1995	1996	1997	1998	1999	2000
Number (Baht)						
Primary and Lower	3 460	3 761	4 019	3 938	3 901	3 942
Lower Secondary		4 969	4 917	4 964	4 864	4 911
Upper Secondary	6 575	5 446	6 115	5 953	5 728	5 325
Lower Vocational	7 520	7 479	8 282	7 681	7 940	7 975
Upper Vocational	7 694	8 637	9 566	9 474	8 752	8 701
Bachelor	14 805	15 095	16 125	15 584	15 600	15 203
Master and Higher	32 359	34 240	96 077	37 930	32 650	39 097
Total	4 669	4 922	5 502	5 571	5 586	5 538
Growth Rate (%)						
Primary and Lower		8.70	6.86	-2.03	-0.93	1.06
Lower Secondary		-1.08	-0.44	0.34	-2.00	0.96
Upper Secondary		-17.17	12.28	-2.66	-3.76	-7.04
Lower Vocational		-0.54	10.74	-7.26	3.37	0.45
Upper Vocational		12.26	10.76	-0.96	-7.62	-0.58
Bachelor		1.96	6.82	-3.36	0.10	-2.54
Master and Higher		5.81	5.36	5.14	-13.92	19.75
Total		5.44	11.79	1.25	0.26	-0.85

Note: Highly educated workers mean those in possession of a bachelor's degree or more.

Source: National Statistical Office, Labour Force Survey (round 3), 1997-2001.

Table 3. **Population by labour force status 1999-2001, whole kingdom**

	1999	2000	2001*
Number			
Population	61 856 730	62 481 450	63 001 140
Total Labour Force	33 210 217	33 973 061	34 487 688
Current Labour Force	33 072 932	33 813 736	34 380 032
Employment	32 087 171	33 001 088	33 483 724
Unemployment	985 761	812 648	896 308
Looking for Work	326 016	283 766	160 779
Not Looking but Available for Work	659 745	528 882	735 529
Seasonally Inactive	137 285	159 325	107 656
Not in Labour Force	28 646 513	28 508 389	28 513 452
Over 13 Years	14 763 795	14 739 163	12 646 693
Under 13 Years	13 882 718	13 769 225	15 866 758
Share (%)			
Population	100.00	100.00	100.00
Total Labour Force	53.69	54.37	54.74
Current Labour Force	53.47	54.12	54.57
Employment	51.87	52.82	53.15
Unemployment	1.59	1.30	1.42
Looking for Work	0.53	0.45	0.26
Not Looking but Available for Work	1.07	0.85	1.17
Seasonally Inactive	0.22	0.25	0.17
Not in Labour Force	46.31	45.63	45.26
Over 13 Years	23.87	23.59	20.07
Under 13 Years	22.44	22.04	25.18

* Population not in labour force of over 15 years and under 15 years of age respectively.

Source: National Statistical Office, Report of the Labour Force Survey Round 3 (various years).

Table 4. Departures from Thailand by nationality, 1997-2000 (Persons)

	1997	1998	1999	2000	Growth (%)	
					1997/98	1999/00
Australia	22 4881	251 984	30 771	280 741	12.05	-6.97
Austria	39 906	23 251	40 415	41 468	-41.74	2.61
Belgium	38 806	21 398	46 150	46 480	-44.86	0.72
Canada	74 037	91 471	101 734	106 697	23.55	4.88
Czech Rep.	6 992	6 795	9 427	9 435	-2.82	0.08
Denmark	52 667	45 884	76 743	72 881	-12.88	-5.03
Finland	36 982	28 257	45 050	50 820	-23.59	12.81
France	214 221	184 323	252 428	242 330	-13.96	-4.00
Germany	343 057	289 284	382 946	355 929	-15.67	-7.06
Greece	15 428	14 977	12 945	12 529	-2.92	-3.21
Hungary	7 895	6 862	6 963	7 762	-13.08	11.47
Iceland	1 298	2 014	1 773	1 808	55.16	1.97
Ireland	15 184	19 371	24 653	31 624	27.58	28.28
Italy	108 782	123 034	111 877	114 316	13.10	2.18
Japan	986 261	881 160	1 163 516	1 162 293	-10.66	-0.11
Korea	418 183	193 703	348 370	434 362	-53.68	24.68
Luxembourg	1 678	2 101	1 884	1 742	25.21	-7.54
Mexico	4 028	5 182	5 770	7 783	28.65	34.89
Netherlands	84 535	133 836	112 869	121 658	58.32	7.79
New Zealand	40 372	15 552	49 907	57 168	-61.48	14.55
Norway	31 316	20 285	50 029	55 181	-35.22	10.30
Poland	7 112	11 712	11 741	10 210	64.68	-13.04
Portugal	27 368	13 261	24 681	16 756	-51.55	-32.11
Spain	32 876	14 188	29 471	32 978	-56.84	11.90
Sweden	93 333	132 326	135 774	151 577	41.78	11.64
Switzerland	91 313	107 088	93 754	94 812	17.28	1.13
Turkey	12 124	15 796	16 560	18 211	30.29	9.97
UK	344 490	415 620	524 857	545 643	20.65	3.96
US	347 338	402 252	531 913	501 044	15.81	-5.80
OECD Countries	2 166 397	1 990 065	2 578 391	4 586 238	-8.14	77.87
Bangladesh	20 404	7 774	22 381	25 950	-61.90	15.95
China (Mainland)	636 338	527 412	947 440	764 626	-17.12	-19.30
Hong Kong	197 922	204 241	269 996	240 894	3.19	-10.78
Taiwan	432 481	464 844	543 876	645 792	7.48	18.74
India	158 213	160 921	197 895	222 862	1.71	12.62
Indonesia	88 865	53 393	111 488	107 876	-39.92	-3.24
Laos	26 479	20 668	39 635	41 002	-21.95	3.45
Malaysia	867 745	595 258	798 820	593 323	-31.40	-25.73
Myanmar	52 052	33 601	50 896	50 018	-35.45	-1.73
Nepal	13 404	13 060	14 778	15 163	-2.57	2.61
Pakistan	36 622	17 175	37 543	47 744	-53.10	27.17
Philippines	77 413	75 818	85 067	96 855	-2.06	13.86
Singapore	385 917	450 895	468 295	455 158	16.84	-2.81
Thai	1 707 187	2 597 442	1 743 907	1 923 436	52.15	10.29
Vietnam	21 858	14 681	34 986	44 565	-32.83	27.38
Others	1 838 561	1790852	2 426 682	493 850	-2.59	-79.65
Non-OECD Nations	6 561 461	7 028 035	7 793 685	5 769 114	7.11	-25.98
Total	8 727 858	9 018 100	10 372 076	10 355 352	3.33	-0.16

Source: Immigration Bureau, Royal Thai Police, 2001

Table 5. **Outgoing Thai nationals by country of destination, 1996-2000 (Persons)**

	1996	1997	1998	1999	2000	Growth (%)	
						1997/98	1999/00
Australia	62 571	53 174	34 065	50 568	58 597	-35.94	15.88
Austria	5 322	4 920	2 151	3 375	4 615	-56.28	36.74
Belgium	1 136	551	236	305	313	-57.17	2.62
Canada	4 025	4 812	1 668	2 302	1 244	-65.34	-45.96
Denmark	5 954	5 224	3 878	5 107	6 023	-25.77	17.94
Finland	4 378	3 434	1 918	3 129	3 888	-44.15	24.26
France	21 393	20 450	10 323	15 589	17 557	-49.52	12.62
Germany	39 272	34 594	26 215	32 411	41 088	-24.22	26.77
Italy	14 339	11 741	5 641	10 062	10 786	-51.95	7.20
Japan	87 235	86 831	67 529	76 776	88 900	-22.23	15.79
Korea	26 760	21 344	27 505	35 605	61 465	28.87	72.63
Netherlands	13 260	13 751	8 961	8 503	13 135	-34.83	54.47
New Zealand	12 975	9 275	3 975	5 303	5 094	-57.14	-3.94
Norway	681	349	309	370	668	-11.46	80.54
Spain	904	964	583	637	701	-39.52	10.05
Sweden	3 381	3 476	2 712	3 709	4 627	-21.98	24.75
Switzerland	17 891	13 739	9 912	15 824	16 231	-27.86	2.57
UK	36 616	32 287	21 661	26 482	31 171	-32.91	17.71
US	65 362	53 935	33 727	43 178	47 026	-37.47	8.91
OECD Nations	423 455	374 851	262 969	339 235	413 129	-29.85	21.78
Bangladesh	1 199	1 828	2 076	2 032	2 739	13.57	34.79
China (Mainland)	105 820	91 492	69 919	120 819	135 517	-23.58	12.17
Hong Kong	273 448	201 368	130 731	178 030	195 678	-35.08	9.91
Taiwan	107 825	116 500	118 173	121 589	134 880	1.44	10.93
India	15 167	15 026	12 756	12 942	15 646	-15.11	20.89
Indonesia	20 899	20 886	8 551	7 795	15 731	-59.06	101.81
Laos	54 469	51 180	53 818	62 640	67 251	5.15	7.36
Malaysia	383 985	376 036	403 248	445 552	540 278	7.24	21.26
Myanmar	20 685	19 133	17 718	19 362	19 820	-7.40	2.37
Nepal	2 294	2 358	2 060	2 694	3 731	-12.64	38.49
Pakistan	2 012	1 541	1 733	1 619	2 378	12.46	46.88
Philippines	12 575	13 332	10 854	11 625	12 201	-18.59	4.95
Singapore	268 560	211 114	194 490	225 431	234 482	-7.87	4.01
Vietnam	16 458	16 716	15 728	16 373	21 851	-5.91	33.46
Others	114 825	124 234	89 021	87 002	93 616	-28.34	7.60
Non-OECD Nations	1 400 221	1 262 744	1 130 816	1 315 505	1 495 799	-10.44	13.71
Total	1 823 676	1 637 595	1 393 845	1 654 740	1 908 928	-14.88	15.36

Source: Statistical Report, Tourism Authority of Thailand (various issues).

Table 6. **Outgoing Thai nationals by sex and occupation, 1997-2000 (Persons)**

	1997	1998	1999	2000	Growth (%)	
					1997/98	1999/00
Professionals	67 440	58 587	70 715	87 000	-13.13	23.03
Administrative & Managerial Personnel	30 570	22 626	41 576	49 410	-25.99	18.84
Clerical, Salesman & Commercial Personnel	263 898	241 975	287 732	330 618	-8.31	14.90
Labourer/Production and Service Workers	493 095	421 385	482 866	638 261	-14.54	32.18
Agricultural Workers	13 924	17 832	19 331	17289	28.07	-10.56
Government and Military Personnel	49 668	26 985	37 406	49 572	-45.67	32.52
Housewife/Unpaid Family Workers	74 461	66 382	77 684	104 967	-10.85	35.12
Students and Children	155 338	130 205	168 780	194 377	-16.18	15.17
Retired and Unemployed	5 169	4 200	6 259	7 833	-18.75	25.15
Other	4 331	6 133	6 025	7 087	41.61	17.63
Not Stated	479 701	397 535	456 366	422 514	-17.13	-7.42
Total	1 637 595	1 393 845	1 654 740	1 908 928	-14.88	15.36
Male	991 955	789 885	902 372	1 008 959	-20.37	11.81
Female	725 640	603 960	752 368	899 969	-16.77	19.62

1. Includes Hong Kong (China), Mainland China and Chinese Taipei.

Source: Statistical Report, Tourism Authority of Thailand (various issues).

Table 7. **Thai workers abroad, as recorded by the MOLSW, 1996-2000 (Flows) (Persons)**

	1996	1997	1998	1999	2000	Growth (%)	
						1997/98	1999/00
Australia	43	23	85	83	97	269.57	16.87
Denmark	85	-	-	-	-	-	-
Germany	305	189	655	426	289	246.56	-32.16
Italy	111	130	671	298	199	416.15	-33.22
Japan	10 118	10 099	10 790	5 278	4 767	6.84	-9.68
Korea	994	1 455	1 234	1 871	3 086	-15.19	64.94
UK	103	82	143	127	240	74.39	88.98
USA	764	699	1 496	1 274	1 340	114.02	5.18
OECD Nations	12 523	12 677	15 074	9 177	10 018	18.91	9.16
HongKong	4 301	3 960	4 709	4 339	5 030	18.91	15.93
Chinese Taipei	96 097	100 916	106 828	115 096	107 572	5.86	-6.54
Malaysia	9 363	8 860	9 031	17 716	20 541	1.93	15.95
Singapore	17 601	17 770	17 069	24 525	22 989	-3.94	-6.26
Vietnam	-	305	202	182	199	-33.77	9.34
Other	46 656	39 183	38 822	31 381	26 692	-0.92	-14.94
Non-OECD Nations	174 018	170 994	176 661	193 239	183 023	3.31	-5.29
Total	186 541	183 671	191 735	202 416	193 041	4.39	-4.63

Note: Number of Thai workers abroad includes workers sent by the Department of Employment, private agencies or employers, and self-arranged employment.

Sources: National Statistical Office, Office of the Prime Minister Department of Employment, Ministry of Labour and Social Welfare.

Table 8. **Thais working overseas in countries as located by the Office of Labour Affairs, 1997-2000 (Stocks)**

	1997	1998	1999	2000	Growth (%)	
					1997-98	1999-00
Greece	32 700	32 700	7 200	7 000	0.00	-2.78
Japan	44 680	54 680	34 237	27 508	22.38	-19.65
OECD Nations	77 380	87 380	41 437	34 508	12.92	-16.72
Brunei	37 372	24 297	20 497	14 728	-34.99	-28.15
Hong Kong	8 163	7 529	7 200	7 683	-7.77	6.71
Israel	-	-	24 000	20 000	-	-16.67
Kuwait	4 494	4 942	5 421	4 800	9.97	-11.46
Malaysia	57 000	57 000	30 500	35 000	0.00	14.75
Singapore	64 500	65 800	68 000	52 500	2.02	-22.79
Saudi Arabia	23 050	37 550	36 454	41 700	62.91	14.39
Chinese Taipei	130 000	130 000	131 000	139 010	0.00	6.11
Non-OECD Nations	324 579	327 118	323 072	315 421	0.78	-2.37
Total	401 959	414 498	364 509	349 929	3.12	-4.00

Source: Overseas Labour Affairs Division, MOLSW.

Table 9. **Net arrivals, tourists and unknown arrivals to Thailand, 1996-2000 (Persons)**

	1996	1997	1998	1999	2000	Growth (%)	
						1997/98	1999/00
Tourists	7 244 400	7 293 957	7 842 760	8 651 260	9 508 623	7.52	9.91
OECD	3 494 365	3 455 060	3 677 565	4 066 162	4 812 580	6.44	18.36
Non-OECD	3 750 035	3 838 897	4 165 195	4 585 098	4 696 043	8.50	2.42
Overseas Thai	52 255	72 612	77 830	70 928	70 203	7.19	-1.02
Unknown Arrivals	1 585 834	1 251 370	1 769 865	1 504 326	812 263	41.43	-46.00
Net Arrivals	8 830 234	8 545 327	9 612 625	10 155 586	10 320 886	12.49	1.63

Source: Statistical Yearbook Thailand 1998 & 2000, National Statistical Office, Office of the Prime Minister; Statistical Report, Tourism Authority of Thailand (various issues); Immigration Bureau, The Royal Thai Police.

Table 10. Number of arrivals by nationality, 1994-2000 (Persons)

					Growth (%)	
	1997	1998	1999	2000	1997/98	1999/00
Australia	217 769	278 459	297 776	288 916	27.87	-2.98
Austria	38 144	27 052	39 132	43 995	-29.08	12.43
Belgium	38 852	27 229	46 007	48 235	-29.92	4.84
Canada	72 800	91 353	100 310	107 787	25.48	7.45
Czech Rep.	6 623	8 650	8 878	8 285	30.61	-6.68
Denmark	51 359	47 385	75 682	75 913	-7.74	0.31
Finland	35 844	29 016	46 528	54 176	-19.05	16.44
France	209 428	240 610	249 266	244 542	14.89	-1.90
Germany	329 780	356 521	378 331	369 046	8.11	-2.45
Greece	14 115	14 595	12 906	12 631	3.40	-2.13
Hungary	7 357	6 686	6 801	7 791	-9.12	14.56
Iceland	1 317	1 859	1 568	1 974	41.15	25.89
Ireland	14 819	18 983	24 600	32 694	28.10	32.90
Italy	103 876	129 312	114 565	118 803	24.49	3.70
Japan	955 735	1 014 056	1 125 584	1 159 015	6.10	2.97
Korea	411 572	200 618	337 533	434 958	-51.26	28.86
Luxembourg	1 579	2 104	1 849	1 848	33.25	-0.05
Mexico	3 844	5 009	5 695	7 907	30.31	38.84
Netherlands	83 044	135 374	113 427	124 207	63.01	9.50
New Zealand	39 374	16 497	48 563	57 375	-58.10	18.15
Norway	30 859	20 608	48 950	57 649	-33.22	17.77
Poland	6 657	11 710	11 235	10 198	75.91	-9.23
Portugal	25 959	12 615	23 010	16 826	-51.40	-26.88
Spain	32 554	13 387	29 281	33 489	-58.88	14.37
Sweden	89 861	137 604	136 818	167 950	53.13	22.75
Switzerland	87 438	105 698	93 189	97 424	20.88	4.54
Turkey	11 754	15 678	16 275	19 003	33.38	16.76
UK	337 387	515 793	523 429	554 978	52.88	6.03
US	341 121	415 970	507 686	505 507	21.94	-0.43
OECD Nations	2 097 818	2 291 766	2 527 934	4 663 122	9.25	84.46
Bangladesh	19 543	10 098	22 329	25 837	-48.33	15.71
China (Mainland)	620 809	615 329	891 771	746 444	-0.88	-16.30
Hong Kong	187 669	302 357	249636	253 980	61.11	1.74
Chinese Taipei	421 205	455 461	540 719	654 337	8.13	21.01
India	151 796	170 979	193 271	222 892	12.64	15.33
Indonesia	86 492	53 716	113 851	108 140	-37.89	-5.02
Laos	27 224	22 539	41 651	44 195	-17.21	6.11
Malaysia	886 762	693 240	826 334	579 864	-21.82	-29.83
Myanmar	58 348	37 212	54 936	55 162	-36.22	0.41
Nepal	12 763	12 874	14 908	16 289	0.87	9.26
Pakistan	36 005	18 597	39 689	49 175	-48.35	23.90
Philippines	75 335	78 393	82 227	96 843	4.06	17.78
Singapore	376 797	456 077	456 665	457 848	21.04	0.26
Thai	1672 814	2 453 201	1 693 282	1 811 197	46.65	6.96
Vietnam	21 357	19 884	34 215	44 836	-6.90	31.04
Others	1 792 590	1 920 902	2 372 168	490 725	7.16	-79.31
Non-OECD Nations	6 447 509	7 320 859	7 627 652	5 657 764	13.55	-25.83
Total	8 545 327	9 612 625	10 155 586	10 320 886	12.49	1.63

Source: Immigration Bureau, Royal Thai Police.

Table 11. Alien workers in Thailand by category, 1996-2000 (Persons)

	1996	1997	1998	1999	2000	Growth (%)	
						1997/98	1999/00
Legal Alien Workers	316 174	164 313	116 657	102 767	102 612	-29.00	-0.15
Permanent	121 521	15 291	21 853	19 361	15 988	42.91	-17.42
Article 7 (Temporary)	44 998	42 162	48 288	49 976	52 229	14.53	4.51
Article 10 (BOI)	18 609	18 049	21 474	23 637	24 567	18.98	3.93
Article 12	131 046	88 811	25 042	9 793	9 828	-71.80	0.36
Illegal Migrant Workers	717 689	961 467	986 889	986 889	1 000 000	2.64	1.30
Registered ¹	293 652	293 652	90 403	99 996	99 656	-69.21	-0.34
Burmese	256 492	256 492	78 904	89 336	97 024	-69.24	8.61
Laos	11 594	11 594	1 231	1 164	1 011	-89.38	-13.14
Cambodians	25 566	25 566	10 268	9 496	7 921	-59.84	-16.59
Non-registered ²	424 037	667 815	896 486	886 893	900 344	34.24	1.51
Total	1 033 863	1 125 780	1 103 546	1 089 656	1 102 612	-1.97	1.18

1. Registered illegal migrant workers from Myanmar, Laos and Cambodia who received a two-year work permit in 1996 (held constant in 1997) and one year extension in 1998, 1999 and 2000.

2. Estimated by the National Security Council and the MOLSW (various years). Number of workers under Article 12 changed in to registered illegal migrant workers after 1997.

Source: Department of Employment, MOLSW (as a Sub-Committee on Solving Illegal Workers). Sakdina Sontisakyothin, "Major Factors Affecting Policy Changes on Illegal Migrant Workers in Thailand", Doctoral Dissertation, NIDA, Table 2.4.

Table 12. Employment permits issued to foreigners (non-immigrant visa and visa under laws to promote investment), by occupation, 1994-1999 (Persons)

	1997	1998	1999	2000	Growth (%)	
					1997/98	1999/00
Professionals and Technicians	6 542	28 805	22 478	18 663	340.31	-16.97
Administrators and Managers	24 046	30 354	24 704	25 433	26.23	2.95
Clerks	1 700	688	894	685	-59.53	-23.38
Commercial Workers	10 718	1 560	1 193	861	-85.45	-27.83
Service Workers	74	1 470	1 576	1 665	1 886.49	5.65
Agricultural Workers	1 203	39	149	1 280	-96.76	759.06
Craftsmen and Transportation Workers	13 299	5 517	1 629	2 251	-58.52	38.18
Not Classified	6 000	1 318	20 990	25 958	-78.03	23.67
Total	63 582	69 751	73 613	76 796	9.70	4.32

Source: Department of Employment, MOLSW.

Table 13. **Employment permits issued to foreigners (non-immigrant visa and visa under laws to promote investment), by nationality, 1997-2000 (Persons)**

	1997	1998	1999	2000	Growth (%)	
					1997-98	1999-00
Australia	2 480	2 764	2 093	2 725	11.45	30.20
France	-	391	-	1 136	-	-
Germany	2 340	2 607	2 118	2 106	11.41	-0.57
Japan	10 224	11 368	13 608	13 355	11.19	-1.86
Korea	-	595	2 011	1 950	-	-3.03
UK	7 903	8 934	6 144	5 694	13.05	-7.32
US	7 128	8 023	6 090	4 683	12.56	-23.10
OECD Nations	30 075	34 682	32 064	31 649	15.32	-1.29
China (Mainland)	5 964	6 648	5 656	5 890	11.47	4.14
Taiwan	1 106	1 463	2 889	2 268	32.28	-21.50
India	6 237	6 937	6 506	5 083	11.22	-21.87
Philippines	2 117	2 397	3 135	4 223	13.23	34.70
Vietnam	1 291	1 326	-	-	2.71	-
Other	16 792	16 298	23 363	27 683	-2.94	18.49
Non-OECD Nations	33 507	35 069	41 549	45 147	4.66	8.66
Total	63 582	69 751	73 613	76 796	9.70	4.32

Source: Department of Employment, MOLSW.

INTERNATIONAL MIGRATION OF HIGHLY SKILLED WORKERS IN VIETNAM

by

Nguyen Xuan Nguyen
Economic Adviser, Vietnam

Introduction

To boost economic development and meet the target of a GDP growth rate of 8% in 2001, the government has embarked on the track of reform, stimulated foreign investment, liberalised trade, promoted workers export, and encouraged the development of private businesses. These measures have led to an increase in the demand for highly skilled workers on internal as well as external markets. The Bilateral Trade Agreement signed with America, the tariff reduction in the framework of AFTA implementation, and new WTO negotiations have compelled enterprises to improve their competitiveness, which relies greatly on the development of human resources.

The latest available data show that in 2001, out of a GDP growth rate of 6.8% (lower than the expected target), agriculture accounted for 2.7%, industry for 10.4%, and services for 6.1%. CPI was low as 0.8%; the unemployment rate in urban areas fell from 6.44% in 2000 to 6.13% in 2001. Export grew by 4.5% and trade deficit amounted to USD 90 million, *i.e.* 0.46% of the GDP. A total of 458 FDI projects (amounting to USD 2 191 million) were registered. The establishment of FDI enterprises attracted more highly skilled workers, both foreigners and Vietnamese.

Domestic economy and labour market

Recent trends in the domestic economy

The reduction of the VND (Vietnam Dong) inflation and the growth of the GDP *per capita* in USD have improved real wages. During the 1990s, the reform policy toward a market-oriented economy has mobilised investment and sustained a high growth rate of 8% per year in average. The GDP *per capita* increased from USD 97.8 in 1990 to USD 289 in 1995 and USD 405.6 in 2000. The inflation has been lowered from 67% in 1990 down to 9.2% in 1998, and to 1% in 2001. The poverty rate fell from 30% in 1990 to 10% in 2000.

The increase in the GDP growth rate, the expanding export and the reduction of trade deficit during the last decade demonstrated that the domestic economy has improved, and consequently, the qualification of workers has increased. The devaluation of the VND and a trade liberalisation policy have promoted export. The VND has been devaluated by 130% in 10 years, from VND 6 500 per USD in 1990 to VND 11 000 per USD in 1995 and VND 15 000 per USD in 2001. Export value has been multiplied by seven, from USD 2 752 million in 1990 to USD 5 449 million in 1995 and USD 14 308 million in 2000. Import value raised too, from USD 1 314 million in 1990 to USD 8 155 million in 1995 and USD 15 200 million in 2000. The trade deficit, at 14.5% of the export value in 1990, was brought down to 48.8% in 1995 and 6.2% in 2000.

Foreign investment and assistance have also increased. Since 1988, 3370 FDI investment projects from 58 countries have brought in USD 40065 million. While in 1990, less than 10 foreign international organisations and NGOs were working in Vietnam, by 2000, 15 main international organisations (including ADB, IMF, WB, UNDP, FAO, UNIDO), 51 embassies, 30 consulates and 232 international NGOs were operating (Tables 1 and 2).

Increasing international assistance and investment to Vietnam has led to increase the number of foreign skilled workers moving into the country. It is estimated that about 30 000 highly skilled foreign workers work in Vietnam, including more than 15 000 in FDI projects (the other half work for international institutions and NGOs).

Despite its progress in economic development, Vietnam is still facing challenges to integrate the world economy because of its low productivity and efficiency in almost all its economic activities.

Firstly, the economy is still traditionally dominated by agriculture, with a low productivity. The proportion of the rural population is high; it has hardly changed during the last ten years, from 79.5% in 1990 to 76% in 2000 (the general population growth being 1.7% per year in average, from 64.4 million in 1989 to 76.3 million in 1999). Nearly 70% of the workforce are small farmers. They own 0.7 hectare of arable land per farming household in average, a this figure that is declining as the population is growing. Cultivated land occupies 9 345 million hectares (28.4% of the country's territory) and the forest covers 11 575 million hectares (or 35.2%). The yield of main agricultural products (rice 4.2 tons/ha, maize: 2.7 tons/ha, coffee, shrimps, livestock) is lower than that in other Asian countries. In urban areas, the population has grown from 19.4% to 23.5%.

Secondly, although export is increasing, exported goods remain primary products. Manufacturing products such as textile, garment and handicraft contributed to only 25% of the export value in 1995, increasing to 35% in 2000. More than 60% of the export value comes from primary goods (crude oil, rice, coffee, shrimps). The price fluctuation on the international market has had a negative impact on the country's economic growth and on its workers' income.

Thirdly, the income gap is increasing. Agriculture employs 70% of the workers but it accounted for only 30% of the GDP and 24% in 1990 and 2000 respectively. The growth rate of agriculture (3-4%) is lower than that of industry (10-15%) and of the service sector (5-8%), which accounts for low wages for rural labourers. The income gap *per capita* between rural and urban areas has increased from 2.5 times (VND 359 700/VND 14 100 or USD 26/USD 10) in 1994 to 3.7 times (VND 832 500/VND 225 000 or USD 57/USD 16) in 1999. Low incomes prevent the poor from accessing higher education.

Recent trends in the domestic labour market

Every year, over 1 million people become part of the active population. Hence, the problem of job creation is becoming increasingly serious. The total number of workers increased from 28.9 million in 1989 to 38.6 million in 2000, with a share of 70% in agriculture (Table 3). It is estimated that every year 70% of the people reaching working age join the agricultural sector. Industry and services have little capacity to create employment.

The labour force is relatively young, which accounts for a high ratio of working-age people (58.6%) (see Table 4). In 2002, this ratio is expected to increase due to the high ratio of school-age population: the 5-9 and 10-14 age-groups both represent 12% each, which makes them the biggest cohorts.

The high proportion of young workers (and young people in general) creates more consumption (which stimulates economic development and job creation) and a higher capacity to learn (which increases qualification, efficiency, and productivity). However, the generally low qualification of workers creates high unemployment and keeps incomes low. The 1999 population census showed that 92% of the working age population (13 years and older) have no qualifications (Table 5). The number of workers with a post-graduate university degree is very low, at about 1 344 000 persons (2.44%).

The unemployment rate is high in Vietnam. In 1996, 8 392 600 working-age persons were unemployed (5.88% of the active population), among which 86.3% were in rural areas and 13.7% in urban areas. According to gender, 49.8% of the unemployed were women.

According to sector, the General Statistic Office reported that in other sectors than agriculture, the unemployment rate rose from 5.88% in 1996 to 6.01% in 1997, about 7% in 1999, and 7.26% in March 2000.

According to age, young people are the most affected by unemployment, especially the 15-24 cohort (36% of total unemployment). Workers of the 35-44 age group had the next highest unemployment rate (20%).

- 15-24 years old: 36%.
- 25-34 years old: 18.1%.
- 35-44 years old: 20%.
- 45-54 years old: 16%.
- Over 55 years old: 9.9%.

In June, 1999, 42 000 people (43.2% of whom were women) working in State enterprises (6.08% of the public sector employees) in 41/61 provinces could not be given any task. By industry, unemployment affects construction (10%), manufacturing (10%), and transport (5%). In some provinces, the unemployment rate is particularly high, reaching 20% in Yen Bai, 28.5% in Hai Duong, 25.5% in Thai Binh, and 23.3% in Ha Tay. In 2001, a State enterprise reform has led to the laying off of 150 000 people (75 000 workers from 357 disbanded enterprises, and another 75 000 from privatised SOEs).

There is no consolidated data on the number of unemployed in the private sector because of a lack of unemployment registration in Vietnam. It is estimated that the unemployment rate is higher there than in the State sector, and that most of its workers are part-time workers.

Underemployment is a serious problem, especially in rural areas. No unemployment figures are available for these areas, because on the one hand, 95% of the rural workers have been allocated land but only need a few working days to work on these small plots, and on the other hand, they are unable to find regular paid work. On average, each rural worker works 262 working days per year. In 1996, working days occupied 72.1% of their working time, but it fell to 70.9% in 1998. From these figures, we can conclude that about 30% of the rural workers are unemployed, since they spend only 70% of their working time at work. In 2000, estimates indicated that the unemployment rate in rural area was 24.73%, and that it would probably reach 20,28% in 2010. The government thus targeted a

6.5% reduction of unemployment in urban areas and an increase in the working time utilisation in rural areas from 70% to 80% (Table 6).

Most young workers in rural areas stay at home only at harvest time; out of season they move to cities or other places to find jobs in industries, land preparation on large farms, and others small businesses (vendors, house workers, newspapers sellers, etc.).

The income of skilled workers is much higher than that of low or unskilled workers. Unskilled workers earn an average monthly income of VND 300 000-1 000 000 (USD 20-70), while skilled workers earn VND 3 000 000 (USD 200) or more. Skilled workers in the state sector earn low wages (VND 500 000-1 000 000 or USD 35-70 per person per month), sometimes less than unskilled workers in private companies. Skilled workers in non-governmental institutions (international organisations, FDI companies, private enterprises) earn USD 300 to USD 1500 per person per month. Foreign workers of private companies earn higher salaries than the Vietnamese. There is no official information available, but it is estimated that they earn from USD 3000 to USD 12000.

High wages are subject to the income tax, according to the rates indicated in Table 7.

The high wages of skilled workers have stimulated young workers to attend the 131 Vietnamese universities and colleges that employ 27 100 teachers. The number of students increased from 297 900 in 1995 to 734 900 in 1999. Graduates increased from 58 500 in 1995 to 113600 in 1999. However, many of them are unable to find good jobs after their graduation, due to (i) insufficient foreign language skills, (ii) low practical experience, and (iii) poor understanding of international regulations. In 2001, the government was to send 400 young graduate-level government staff to study at post-graduate level abroad. But only 194 of them (48%) passed the examination. Most of them had poor foreign-language skills.

Statistics show that there is a surplus of low-skilled workers and a shortage of highly skilled workers. In 2000, 66 industrial parks needed to recruit 400 000 qualified workers. In Ho Chi Minh City, 12 000 skilled workers are needed (mainly women, at 75-80%), 5-7% of which with a university degree, 60% professionally trained, and 32-35% unskilled. The job service agency of the Binh Duong province, which was trying to recruit 1000 workers in the first quarter of 2001, was only able to find 20 people. The situation in Hanoi is not better: one job service company received 40 application forms, but only 3 were selected even though all applicants had certification of professional training. In 1999, job information service agencies introduced 33 000 workers to industrial parks but only 14 000 workers were recruited. The demand for skilled workers is high in some industries like construction, architecture, oil refinery, and food processing. Qualified workers should have several skills: capacities in foreign languages (spoken and written), computer skills, and professional skills. Many workers have got professional technical training certification, but companies are still facing shortages because of the low quality of their training and their lack of practical skills.

Unskilled labourers are plethoric in all industries. However, there is a surplus of some highly educated workers in the fields of law, economics, social sciences and culture. It is estimated that every year, 50% of graduating students spend over a year to find a job, often in areas unrelated to their degree and low-paid.

Migration

Foreign workers

In order to sustain a high economic growth and attract FDI, the government encourages foreign workers to come by allowing Vietnamese from overseas to buy houses in the country, abolishing the two-price system, easing the procedures of trans-national marriages, and simplifying visa procedures for workers and their families.

The number of foreign workers in Vietnam is increasing, along with the improvement of the FDI policy and the trade liberalisation. Most of them are highly skilled and work for international institutions, NGOs, FDI and various internationally-funded projects. Foreign workers often occupy high positions in institutions (directors, managers) or work as experts. It is estimated that from 1990 to 2000, their number increased from 3000 to 30 000 persons. Their inflow fluctuates according to (i) the number of FDI projects, and (ii) the amount of ODA funds made available to Vietnam by their countries.

Foreign workers mostly come from South-East Asia (China (including Hong Kong), Chinese Taipei, South Korea, Singapore, Thailand) and the West (France, America).

The number of foreign skilled workers is expected to increase in the coming years after Vietnam signs the Trade Agreement with America, starts negotiating with the WTO (to become a member as soon as possible) and implements trade liberalisation in the framework of AFTA and APEC.

Emigration

In 1995, statistic data showed that 2 645 570 Vietnamese were living in 79 countries and territories (*Vietnamese Abroad*, Political Publishing House, Hanoi, 1997). The following countries have more than 100 000 Vietnamese residents:

- North America: America 950 000; Canada 150 000.
- Europe: France 400 000; Germany 100 000; Russia 100 000.
- Australia: 160 000.
- Asia: China 300 000; Thailand 120 000; Cambodia 100 000.

The Vietnamese may be living abroad for the following reasons: (i) wars; (ii) natural emigration in the past; (iii) not returning after studying. It is estimated that 60% of overseas Vietnamese left the country after the 1975-1977 war to settle in North America, France and Australia. Between 1980 and 1990, 400 000 Vietnamese were sent to study and work in Western European countries and 250 000 people stayed there after studying.

Since 1990, the number of emigrants has been going down. Every year, 1000 to 2000 people leave Vietnam for family reunion and an ever-greater number of Vietnamese travel under the "worker export programme".

Three thousand Vietnamese are now working abroad. During the 1990s, Vietnam has exported 121 752 workers to work in 40 countries and territories:

- 1996: 12 660 persons.
- 1997: 18 470 persons.
- 1998: 12 240 persons.
- 1999: 21 810 persons.
- 2000: 31 500 persons.
- 2001: 37 000 persons.

Most workers abroad are low skilled and perform manual tasks in industries such as textile, construction, electronic assembling, and mechanical maintenance. Less than 1% (2000-3000 persons) of these Vietnamese expatriates are highly skilled. They are as engineers, agriculture experts and physicians working in Africa under a government bilateral agreement on economic and cultural collaboration. Some highly skilled workers have been recruited directly (usually through advertisements for job vacancies published in newspapers) by foreign companies in Vietnam to work in their branches abroad, mainly in electronics, IT and mechanics. There is no official statistical data on this number, but it is estimated at 3 000 to 4 000. Some go abroad within the framework of exchange programmes between universities or research institutes to give lectures and do research in the fields of culture, language, mathematics, physics. Some students do not return to Vietnam after graduating abroad.

Trends in illegal immigration

The main problem of workers abroad is that some of them have broken work contracts and work illegally for higher wages. Out of the Vietnamese working in South Korea and Japan, 5 500 persons (29%) and 1 500 persons (23%) respectively have broken work contracts. The government has approved several measures to improve the situation, such as to ask local governments to arrest and send back workers (and to provide them with airplane tickets to do so) and not to seize their deposited money before they go abroad.

Foreign workers in Vietnam enjoy better working conditions than those of Vietnamese workers (better payment and security) because they are offered contracts by foreign and international institutions. Illegal immigration and visa-overstay is not a noticeable phenomenon in Vietnam.

Trends in remittances

Overseas Vietnamese workers earn wages of USD 400 per month per person in average, and their remittances are about USD 1.25 billion per year. This figure may be as high as USD 2 billion if one includes illegal ways of sending money. Many have earned experience and developed relations abroad and have thus started their own businesses successfully thanks to their savings. In 2000 and 2001, the new Private Company Law has created a favourable environment for the establishment of private enterprises. Thirty-two thousand private businesses have been set up in 2000-2001, based on a

total investment of USD 4 billion, which entailed the creation of 700 000 jobs, while only 10 000 private enterprises had been established from 1991 to 1999.

Foreigners working in Vietnam have contributed significantly to the country's economic development, introducing new approaches to job organisation, business planning, work regulation and high technologies. For example, not only foreign but also Vietnamese companies are now trying to get ISO certificates for their products, which enables them to increase their productivity and competitiveness.

As the high qualification of foreigners in Vietnam demonstrates the quality of education in their respective countries, the government, as well as a number of families, spends money to send students abroad, especially to universities in Australia, Europe and North America. Every month, several meetings or workshops are organised by Vietnamese education companies and universities abroad to discuss studies abroad.

Trends in the social integration of foreigners

Vietnamese workers going abroad for a job are always expected by to inform Vietnam Worker Export Companies about the benefits they will get, including wage and insurance. The situation is better for highly skilled workers because: (i) they have more accurate working contracts; (ii) their small number makes them easier to manage. However, the information available is poor because the links between authorised worker management agencies in Vietnam and abroad are too weak.

Foreigners recruited by foreign companies operating in Vietnam do receive benefits, but the government, after providing them with a visa and entitling them to family reunion, also allows them to rent houses, travel for free and enjoy the new one-price system.

Policy making process on immigrants and foreign workers

The following institutions take part in the policy-making process on immigrants and foreign workers:

- Party Congress: every 5 years, the Leading Party holds its congress to propose the coming year's development strategy. The IXth Party Congress, which took place in April 2001, proposed to promote labour market operations, to protect the interest and benefits of workers, and to increase the number of workers abroad.
- The National Assembly: each year, the National Assembly holds two sessions at the middle and the end of the year. Each session lasts from 30 to 40 days, discussing, approving or amending Laws to implement the Party's strategy. Labour Law was approved in 1994. The draft of Law to submit to National Assembly is usually prepared by Ministry which is most responsibility for this law implementation.
- The government: to implement Laws, the government issues decrees that provide detailed guidelines on the implementation of the law, such as the Decree on workers' wages (No197/1994), the Decree on working time (195/1994), the Decree on export workers (07/1995), the Decree No. 152/1999/ND-CP, 20 September 1999 on Vietnamese workers and experts going abroad for contract jobs, or the Decision on visa provision.

Based on these Decrees, the appropriate ministries and local authorities will provide workers with administrative services.

- The Ministry of Labour, Invalid and Social Affairs (MOLISA) is responsible for the guidelines on the application of government Decrees in daily operations. It also monitors the companies that send workers abroad. It is the Overseas Worker Management Agency of MOLISA that is in charge of this issue.
- The Ministry of Foreign Affairs issues passports and visas to workers and concludes agreements on migration with other countries.
- The Ministry of Security approves application forms sent by people who want to work.

The policy-making process follows two steps: the drafting and the implementation.

During process of drafting policy, the ministry requested by the government to draft the policy will:

- Organise the working group, whose members are the representatives of concerned ministries and research institutes and trade unions;
- Appoint one organisation to prepare the draft policy;
- Discuss the final draft and issue the policy.

The working group will:

- Organise workshops with different participants: with group members only; with different ministry departments; with concerned institutions, and with research institutions and colleges;
- Submit the draft policy to Ministers for review;
- Submit a final draft to government (to the vice-prime minister, who is responsible for labour issues).

On September 20, 1999, the government issued the Decree No. 152/1999/ND-CP on Vietnamese workers and experts going abroad for contracted jobs. This policy-making process took about 12 months from the first draft to final approval, as the following table illustrates:

August 1998	Realising that the policy on workers export determined in the Decree 07/CP issued on January 20, 1995 had not met the expected changes in the labour market, the Ministry of Labour, Invalid and Social Affairs (MOLISA) proposed to the Prime Minister a change in this policy.
September 1998	With the agreement of the Prime Minister, the minister of LISA requested from the Department for Management of Labour in Foreign Countries (DMLFC) a draft policy. DMLFC set up a working group of 5 members.
November 1998	After 2 months preparation, DMLFC issues a first draft and organised workshops to discuss it. Feedback information was provided.
January 1999	DMLFC submitted the first draft policy to Minister of LISA, who organised workshops with MOLISA departments to revise the draft.
April 1999	DMLFC submitted the revised draft to the Minister policy. A workshop was organised with the representatives from concerned ministries and research institutions (Ministry of Foreign Affairs, of Security, of Finance, Trade Unions, Labour Research Institute). New revision by the DMLFC.
July 1999	Final draft of policy was submitted to the Minister of LISA for approval.
August 1999	The Minister of LISA revised it for the last time and submitted it to the Prime Minister for approval
September 1999	The Prime Minister revised it and issued the policy as a legal document on export dated September 20, 1999. It replaces to the old one (January 1995). After September 1999, based on this new policy, MOLISA manages the operation.

During the process of policy making on immigrants and foreign workers, policy makers have to look at different affecting factors such as:

- Unemployment rate in the country;
- GDP growth rate;
- FDI and ODA in the country;
- World experiences on foreign workers, especially the technology and skill brought in by highly skilled foreign workers, and remittances that the country receives from workers abroad;
- Social security.

Economic and migration policies and their likely impacts

To reduce the unemployment rate in the country and improve wages, Vietnam has planned to promote FDI and increase export workers. The measures taken have the following objectives:

- Increase export workers. Negotiate with other countries to open market for Vietnamese workers;
- Improve workers export management system in order to provide qualified workers;

- Train workers with high qualifications;
- Improve management capacity of worker export companies;
- Target to export 100 000 workers in 2005;
- Establish special funds to lend money to workers going abroad;
- Provide budget to send 400 students per year to study abroad;
- Encourage FDI.

Table 1. Increasing number of FDI projects (1988-June 2001)

Year	Project Number	Registered Capital (USD million)
1988	37	371
1989	68	582
1990	108	839
1991	151	1322
1992	197	2165
1993	269	2900
1994	343	3765
1995	370	6530
1996	325	8497
1997	345	4649
1998	275	3897
1999	311	1568
2000	371	2012
2001	200	968
Total	3370	40065

Source: *Trade Journal*, Ministry of Trade, Hanoi, December 2001.

Table 2. FDI projects in Vietnam by country (1988-June 2001)

No	Country & Territory	Project Number	Registered Capital (USD million)	Estimated Foreign Skilled Workers
1	Men Islands	1	1773	5
2	Guensey	1	57	5
3	Iraq	1	544	5
4	Liberia	1	270	5
5	Iugoslavia	1	24	5
6	Pakistan	1	5	5
7	Xlovakia	1	46	5
8	Quatar	1	312	5
9	Tuorvakia	1	63	5
10	Xrilanka	1	4	5
11	North Iceland	2	223	10
12	Cambodia	2	15	10
13	Cuba	2	199	10
14	Lichtenxten	2	226	10
15	Vanuatu	2	54	10
16	Bahama	3	4885	15
17	Belarusia	3	15	15
18	Israel	3	9	15
19	Macao	3	586	15
20	Korea North	3	3225	15
21	Poland	4	3634	20
22	Laos	4	10	20
23	Sec	6	15	30
24	Austria	7	318	35
25	Hungary	7	5	35
26	Norway	7	12	35
27	Panama	7	47	35
28	Bermuda	8	9	40
29	Caymen	8	23	40
30	Denmark	8	4	40
31	Luxambur	8	1131	40
32	India	9	1339	45
33	Ucraina	9	1578	45
34	Sweden	10	36	50
35	New Zealand	11	2	55
36	Chanmen	11	3441	55
37	Belgium	14	60	70
38	Italia	16	1171	80
39	Indonexia	18	40	90
40	Philippine	27	673	135
41	Swiss	32	2176	160
42	Canada	38	229	190
43	Germany	39	43	195
44	Holands	42	39	210
45	The UK	44	1092	220
46	Russia	66	1	330
47	Malayxia	92	377	460
48	Australia	98	625	490
49	China	105	25	525
50	Virgin UK	106	151	530
51	America	120	24	600
52	Thailand	135	31	675
53	France	158	3	790
54	Singapore	252	1846	1260
55	Japan	296	5886	1480
56	Korea S	309	2	1545
57	Hong Kong	319	73	1595
58	Taiwan	605	171	3025
*	Total	3090	38877	15450

* Note: Excluding non-operating projects.

Source: Trade Journal, Ministry of Trade, Hanoi, December 2001.

Table 3. Workers by industry

	1989		1995	1997	1999		2000
	Person	%			Person	Person	
Total	28971392	100	34590000	36994000	36375265	100	38643123
1. By Sector							
State setor	3421000	11,81	3053000	3267000	3370000	9,265	3414200
Non-state sector	25550392	88,19	31537000	33727000	33005265	90,74	35228923
2. By Industry							
Manufacturing	3265028	11,27	3434600	3502500	3976008	10,93	
Construction	540167	1,864	995600	976500	908560	2,498	
Agriculture	21354746	73,71	23521000	24813800	25199516	69,28	22650814
Trading and Restourant	1649540	5,694	2394400	3190200	3195410	8,785	
Transport	504136	1,74	781000	856000	892902	2,455	
Banking	88784	0,306			66743	0,183	
State Management	278709	0,962			899240	2,472	
Education	722333	2,493	973400	998800	918853	2,526	
Health and Culture	277716	0,959			318033	0,874	

Source: Vietnam Economy 2000, CIEM, March 2001; Annual Statistical Book and 1999 Population Census, General Statistical Office, Hanoi, 2000.

Table 4. Ratio of population by age (1999)

Age (years)	Number (1000 persons)	Ratio to total (%)	Ratio by group to total (%)
0	1304	1.7	From 0 to 14 years old: 33.5%
From 1-4	5966	7.8	
From 5-9	9161	12.0	
10-14	9132	12.0	
15-17	5278	6.9	From 15 to 59 years old: 58.6%
18-19	2940	3.9	
20-24	6765	8.9	
25-29	6474	8.5	
30-34	6001	7.9	
35-39	5552	7.3	
40-44	4509	5.9	
45-49	3105	4.1	
50-54	2137	2.8	
55-59	1804	2.4	
60-64	1767	2.3	61 and older: 8.1%
65-69	1682	2.2	
70-74	1209	1.6	
75-79	834	1.1	
80-84	419	0.5	
Over 85	290	0.4	
Total	76329	100.0	

Source: The 1999 Population and Housing Census, Statistical Publishing House, Hanoi, May 2000.

Table 5. Qualification of workers for people aged 13 and older

	Total		Males		Females	
	Person	%	Person	%	Person	%
(1000 person)						
Total	54473	100%	26182	48,06	28291	51,9
of which						
Technical workers with certificate	1240	2,28	907	3,46	333	1,18
Middle Vocational Education	1526	2,80	713	2,72	813	2,87
College	379	0,70	148	0,57	231	0,82
University	937	1,72	619	2,36	318	1,12
Master	17	0,03	12	0,05	5	0,02
Doctor	11	0,02	9	0,03	2	0,01
Non qualification	50363	92,45	23763	90,76	26600	94,02

Source: 1999 Population Census, Vietnam General Statistical Office.

Table 6. Rural unemployment (million persons)

	1999	2000	2010
Total Population of Vietnam (millions)	76.3	77.9	88.6
Rural population proportion	76.5%	75.2%	65%
Working age persons in rural areas (millions)	33.89	34.34	36.40
Demand for labour in rural areas (millions)	21.0	21.4	23.5
In which: Agriculture (millions)	14.0	13.9	11.0
Non-agriculture (millions)	7.0	7.5	12.5
Unemployment rate in rural areas	25.29%	24.73%	20.28%

Note: Underemployment: less than 8 hours per working day.

Source: *Nhan Dan* newspaper, 24 December, 2000.

Table 7. Income tax

For the Vietnamese		For foreigners	
Monthly income (million VND)	Income rate (%)	Monthly income (VND million)	Income rate (%)
Under 3 VND	0	Under 6 (equivalent 400 USD)	0
3 to 6	10	6 to 8	5
6 to 9	20	8 to 20	10
9 to 12	30	20 to 50	20
12 to 15	40	50 to 80	30
15	50	80 to 120	40
		120	50

Source: Ministry of Finance.

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