

Country Report

Hong Kong (China)

by

Stephen W.K. Chiu

Professor

Department of Sociology

The Chinese University of Hong Kong

Hong Kong (China)

Recent Trends in Migration Movements and Policies in Asia:
Hong Kong Region Report *

Stephen W.K. Chiu
Professor
Department of Sociology
The Chinese University of Hong Kong
Hong Kong (China)

**Paper prepared for the
“Workshop on International Migration and Labour Markets in Asia”
Japan Institute of Labour. February 5-6, 2004. Tokyo.**

1. 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, 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. The attack of the SARS epidemic added to the economic woes but fortunately by the end of 2003 the economy appeared to have rebounded.

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 over the policy of international migration, both in and out of the territory. The most important type of labor migration into Hong Kong has been the foreign domestic helper, and that will be covered in greater details below.

This study therefore 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 migration of labour. 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 third section where the patterns of international emigration and immigration of labour is discussed.

2. 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 the late 1980s but GDP growth rebounded to 6.6 per cent and 6.3 per cent in 1992 and 1993 respectively. Such a revival was of course much less spectacular than the ones, which Hong Kong accustomed to 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 4.3 per cent in 1996. With the Asian financial currency crisis induced high interest rate and (property and stock) market slump, GDP growth began to slacken in 1997. While the annual figure still recorded a 5.1 per cent 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 5.0 per cent decline in real GDP change. In the second half of 1999 and 2000 the economy appeared to pick up again, reaching 10.2 per cent in 2000. Stepping into 2001, however, the economy was obviously slowing down and negative growth was registered once again because of the repercussions of the global recession. Compared with 2001, real GDP appeared to have rebounded over the year of 2002 but whether this is sustainable is still unknown (Table 1).

Closer economic relationship between the mainland and Hong Kong accounted for much of the recovery. The most important development is that residents of eight cities in Guangdong, as well as Shanghai and Beijing, are now able to visit Hong Kong without having to join tour groups. From 1 January 2004, the scheme is extended to six more Guangdong cities, i.e. a total of 16 Mainland cities are in the scheme now. Since the introduction of the new Individual Visit Scheme in July, around 1.7 million Mainlanders have applied for the individual visit endorsement and over 990,000 of them have visited Hong Kong by mid January 2004. The scheme will be extended to the whole of Guangdong by next May. The influx of mainland travellers boosts local service sectors and especially retailing.

The other major development was the signing of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in June 2003. The conclusion of the Arrangement would greatly enhance economic cooperation and integration between the Mainland and Hong Kong. It would also open preferential and World Trade Organisation plus access opportunities for Hong Kong products and services in the Mainland. The CEPA covers three broad areas, namely trade in goods, and trade in services and trade and investment facilitation. On trade in goods, the Mainland has agreed to apply zero import tariffs from January 1, 2004 for exports from Hong Kong meeting the CEPA rules of origin requirement in some 270 Mainland product codes. The Mainland has also agreed to apply zero import tariffs latest by January 1, 2006 upon applications by local manufacturers for other codes maintained on China's tariff system and meeting the CEPA rules of origin. On trade in services, a number of sectors will benefit in terms of additional market access or removal of specific restrictions in the Mainland market. They include management consultant services, exhibitions and conventions, advertising, legal services, accounting services, medical and dental services, real estate and construction services, transport services, distribution, logistics, forwarding services, storage services, tourism, audiovisual, banking, securities and insurance. On the part of Hong Kong, it will undertake to continue to apply zero tariffs for Mainland products and not to introduce new or additional discriminatory measures against services and service suppliers of the Mainland.

With regard to trade and investment facilitation, both sides agree on promoting co-operation in seven areas, namely, customs clearance; quarantine and inspection of commodities, quality assurance and food safety; small and medium-sized enterprises; Chinese medicine and medical products; electronic commerce; trade and investment promotion; and transparency in law and regulations. While the CEPA has only been fully implemented since January 2004, the psychological boost to the economy and business expectations can already be felt.

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. 2000 saw substantial growth (17.1 per cent) in exports, but growth slackened significantly since 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 before the bursting of the bubble economy contributed to the high rate of growth in 1997 but the bursting of the bubble economy, the completion of the airport and related projects, cut-back in public housing programme and dwindling investment by the corporate sector 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 and continued to be a drag to recovery. Government consumption has been holding steady and continued to be an important component of overall economic growth, but this too is slowing down owing to the attempts to reduce the fiscal deficit of the public sector.

**Table 1: Gross Domestic Product and its Main Expenditure Components at Constant Price
(Year-on-year Rate of Change (%))**

	1996	1997	1998	1999	2000	2001#					2002#					2003#		
						Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Private Consumption Expenditure	3.8	6.1	-6.8	1.3	5.9	2.0	3.1	3.5	1.7	-0.3	-1.2	-0.1	-2.4	-0.9	-1.3	-1.7	-2.6	2.0
Government Consumption	3.8	2.4	0.7	3.1	2.0	6.1	5.3	4.7	7.2	7.1	2.4	2.3	3.0	3.5	0.8	1.3	0.4	0.5
Gross Domestic Fixed Capital Formation	10.9	12.6	-7.3	-16.6.5	11.0	2.7	10.0	2.9	3.0	-4.4	-4.3	-11.8	-0.2	-4.3	-0.7	3.5	-5.7	-0.4
Export of Goods	4.8	6.1	-4.3	3.7	17.1	-3.3	3.6	-2.2	-4.4	-8.8	8.7	-2.4	5.9	11.5	18.4	19.1	14.3	10.0
Export of Services	11.4	-0.5	-0.4	6.7	13.1	6.2	8.1	7.7	4.3	5.3	12.2	6.3	9.1	14.0	18.1	12.5	-13.9	6.9
Import of Goods	4.3	7.3	-7.3	*	18.2	-1.9	5.7	-0.5	-2.8	-8.7	7.9	-4.0	6.0	10.8	18.2	18.8	10.9	8.2
Import of Services	5.2	4.0	1.6	-4.1	4.2	2.0	5.2	3.4	-0.1	-0.2	0.2	-0.7	-3.8	2.0	3.4	-3.9	-19.6	0.5
<i>Real GDP</i>	<i>4.3</i>	<i>5.1</i>	<i>-5.0</i>	<i>3.4</i>	<i>10.2</i>	<i>0.5</i>	<i>2.3</i>	<i>1.5</i>	<i>-0.5</i>	<i>-1.1</i>	<i>2.3</i>	<i>-0.6</i>	<i>0.8</i>	<i>3.4</i>	<i>5.1</i>	<i>4.5</i>	<i>-0.5</i>	<i>4.0</i>
<i>Real GDP (HK\$ Billion)</i>	<i>1,133</i>	<i>1,190</i>	<i>1,131</i>	<i>1,169</i>	<i>1,288</i>	<i>1,294</i>	<i>311</i>	<i>315</i>	<i>332</i>	<i>336</i>	<i>1,324</i>	<i>310</i>	<i>318</i>	<i>343</i>	<i>353</i>	<i>324</i>	<i>316</i>	<i>357</i>

Source: Census and Statistics Department. 2003. http://www.info.gov.hk/censtatd/eng/hkstat/fas/nat_account/gdp/gdp3.htm

Notes:

1996 - 2003 figures are subject to 2000's constant price. (The GDP series was rebased to constant (2000) prices in August 2002.)

Figures are subject to revisions later on as more data become available.

* Change less than 0.05%.

Table 2: Distribution of GDP by Sectors, 1980-2002 at Current Price

Economic Activity (%)	1980	1985	1990	1996	2000	2001#	2002#+
<u>Agriculture and fishing</u>	0.8	0.5	0.3	0.1	0.1	0.1	0.1
<u>Industry</u>							
- Mining and quarrying	0.2	0.1	0.0	0.0	0.0	0.0	0.0
- Manufacturing	23.6	22.0	17.5	7.3	5.8	5.2	4.6
- Electricity, gas and water	1.5	2.9	2.5	2.6	3.2	3.3	3.4
- Construction	6.6	5.0	5.4	5.7	5.2	4.9	4.4
Subtotal	31.9	30.0	25.4	15.6	14.2	13.4	12.5
<u>Services</u>							
- Wholesale, retail and import/export trades	21.3	22.7	25.1	26.8	26.4	26.7	27.0
- Transport, storage and communication	7.4	8.1	9.5	9.8	10.2	10.2	10.7
- Financing, insurance, real estate and business services	23.0	16.1	20.4	25.5	23.7	22.5	21.9
- Community, social and personal services	12.0	16.6	14.4	17.2	20.5	21.8	22.2
- Ownership of premises	8.9	10.4	10.5	12.7	12.6	13.1	13.1
- Adjustment for financial intermediation services indirectly measured	-5.3	-4.6	-5.5	-7.7	-7.8	-7.9	-7.5
Subtotal	67.3	69.5	74.4	84.3	85.7	86.5	87.4

Source: Census and Statistics Department. 2003.

http://www.info.gov.hk/censtatd/eng/hkstat/fas/nat_account/gdp/gdp6.htm

Note: # Figures are subject to revision later on as more data become available.

+ Preliminary figures.

More important the cyclical downturn coincided with the tremendous structural transformation undergoing in 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 was the commerce (wholesale, retail, export and import trades, and 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 bases 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 besides the inflow of investment from the Mainland to Hong Kong, Hong Kong investment in the Mainland topped all other countries and grew at a rapid rate.

Table 3: Distribution of Employment by Sectors (Percentages)

Year	Manufacturing	Construction	Commerce	Transport & Communication	Finance & Business	Services	Others	Total ('000s)
1981	39.2	8.8	20.8	7.0	5.0	17.3	1.9	2407.0
1986	35.0	7.7	23.0	8.3	6.2	17.6	2.3	2625.4
1987	34.2	8.0	23.4	8.5	6.4	17.3	2.3	2688.5
1988	32.0	8.5	24.3	9.0	6.8	17.6	1.9	2740.7
1989	29.7	8.4	24.9	9.6	7.4	18.2	1.8	2748.6
1990	27.7	8.3	25.9	9.9	7.7	18.9	1.6	2741.0
1991	26.1	8.2	26.7	10.0	8.3	19.3	1.5	2793.8
1992	23.9	8.5	27.4	10.7	8.4	19.6	1.4	2787.2
1993	21.5	8.0	28.5	11.2	9.5	20.0	1.3	2865.0
1994	18.8	7.9	28.6	11.4	11.5	20.2	1.5	2968.5
1995	17.5	8.1	28.9	11.4	11.6	21.5	1.1	3012.7
1996	15	9.4	29.8	10.9	12.1	21.6	1.1	3063.2
1997	13.4	9.8	30.3	10.9	13.1	21.5	1.0	3253.4
1998	11.8	9.5	30.5	11.2	13.7	22.3	0.9	3232.5
1999	11.5	9.2	30.2	10.9	13.9	23.5	0.9	3148.5
2000	10.2	9.5	30.7	11.2	14.1	23.6	0.8	3254.9
2001	9.6	8.9	30.1	10.7	15.0	25.0	0.7	3230.1
2002	8.7	9.0	29.8	10.5	14.9	26.3	0.7	3266.2

Source: Census and Statistics Department. Various years. *Quarterly Report on General Household Survey*.

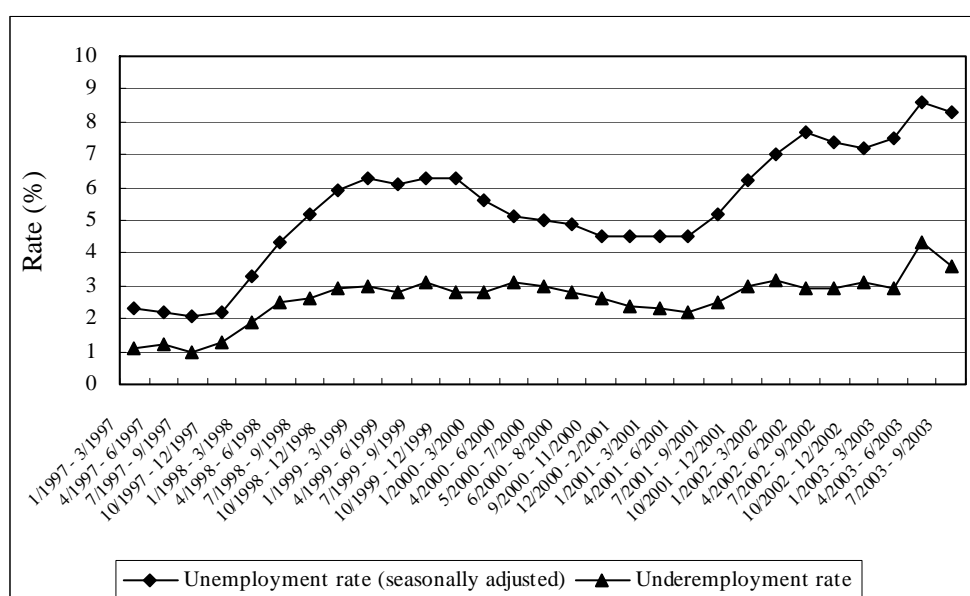
Note: Year-end figures.

The prime variable in Hong Kong's labour market changes undoubtedly is the dazzling pace of industrial restructuring and structural change. The magnitude of change can perhaps be gauged by the sectoral distribution in employment, as shown in Tables 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 between the same periods. The financial and business services sector also recorded a growth in workers engaged. Between the decades before 1994, manufacturing employment slumped by 39.2 per cent, while financial and business services and transport and communication shot up 132 per cent and 64 per cent respectively. Growth rates were equally impressive in commerce and community services. The trend continued well into 1998, with the share of manufacturing employment dropped further and the commerce sector increased.

3. 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 began to drop in 1996. However, since the onset of the Asian financial crisis, unemployment began to rebound. This is aggravated by the recession following the Crisis and the continual growth of the labour force. Since 1995, the local labour force grew from 3.00 million to 3.43 million in 2001. On average the labour force increased by over 71, 000 annually. In 1998, unemployment rate stood at 4.7 per cent, but by 1999 it finally exceeded 6 per cent. During the short-lived rebound of the economy in 2000, unemployment dropped back from 6 per cent to below 5 per cent. Since 2001, unemployment went up again. The latest figure was 7.3% in October – December 2003 between September and November 2003, down the height of 8.7% between May and July 2003 (Figure 1).

Figure 1: Seasonally Adjusted Quarterly Unemployment and Underemployment Rate, April 1997 – September 2003(%)



Source: Census and Statistics Department. 2003.

http://www.info.gov.hk/censtatd/eng/hkstat/fas/labour/ghs/labour1_index.html

Real wages grew at a slow rate for craftsmen and operatives, and had actually declined in 1994 and 1995 and 1998. Middle level employees like clerical and sales workers enjoyed a more healthy growth, but their wages also dropped 1.3 per cent in 1995. During the height of the Asian Crisis, real wages changes were negative and zero for craftsmen and middle-level employees respectively. Before 1997, high inflation rate had erode the growth in money wages but after 1998 deflation had actually turned stagnant or declining money wages into positive real wages growth. Aggregate figures are also likely to mask divergent trends across different sectors, as Hong Kong experienced the 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 1999a) After 1999, however, both groups enjoyed a growth in real wages, largely because of price deflation (Census and Statistics Department 2002). In retailing, wages had grown quickly, but restaurants and fast food shops had only sluggish growth. The banking and insurance industry also saw 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 for the latter categories have exceeded that for all workers in the past few years. Even after the Asian Crisis, managers and professionals continued to enjoy much higher real wages growth than other employees. This was the case until 2002 when the annual growth of real wages more or less converged.

Table 4: Annual Growth of Real Wages 1992 to 2002

%	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Craftsmen and Operatives ¹	0.0	1.7	-2.1	-3.6	2.0	1.4	-0.8	3.9	1.6	2.7	2.9
Non-productive Workers to Supervisory Level ¹	0.4	2.6	1.5	-1.3	1.0	1.8	0.0	4.4	3.5	1.4	2.8
Middle Management and Professionals ²	3.5	4.7	4.1	3.9	3.3	3.5	2.8	4.4	8.7	4.2	2.6

Source: Census and Statistics Department. 1996-2003. *Hong Kong Annual Digest of Statistics*.

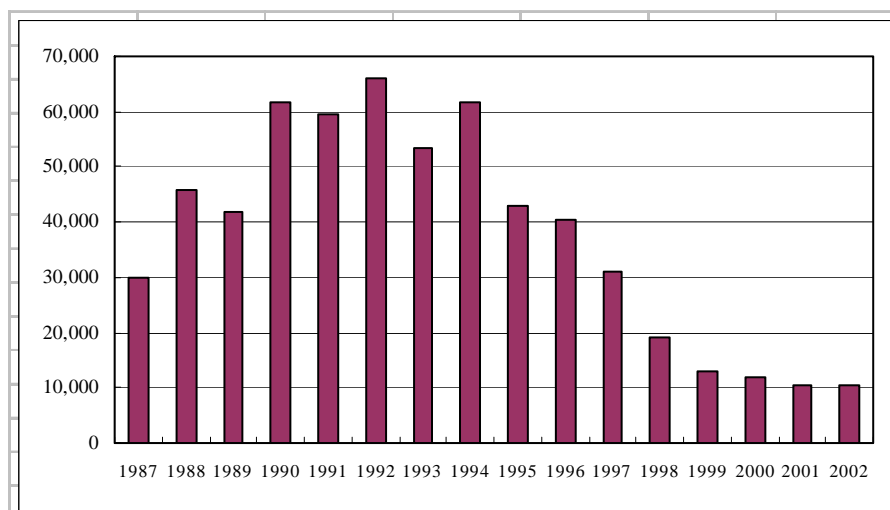
Note: ¹Wages for craftsmen and operatives, and other non-production workers are September figures.

² Figures for managerial employees refer to Real Salary Index (B) in June of the year.

4. Emigration

Hong Kong has no legal restriction on emigration, or precise record of people emigration to other countries. 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 will be asked whether his or her departure will be permanent or not, nor the particular purpose of the trip. Hence the crucial question in an emigration move is whether the host country is willing to accept or not and the government has no precise information of the number of emigrants. The government, however, does make estimation of the overall annual number of emigrants. The estimation is based on three sources, namely, information supplied by various foreign diplomatic representatives in Hong Kong on the number of visas issued, and the number of certificates of no-criminal conviction issued by the Hong Kong police (which are often used for visa application) (Skeldon et al. 1995: 91). The precise method of estimation is unknown and the estimates are also understandably crude.

Figure 2. Official Hong Kong Government estimates of Emigration, 1986-2002



Source: Hong Kong Government Information Centre. October 2003. "Topical Information: Emigration". <http://www.info.gov.hk/info/emigrat.htm>.

Also in Hong Kong Government Information Centre. 2003. *Hong Kong Background Information: Population and Statistics, Emigration*. http://www.info.gov.hk/hkbi/eng/13/ch13_4.htm.

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, or by some 48 per cent. 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 want to earn 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 situations in Hong Kong turn to the worst.

The favoured destinations for the emigrants are Canada, United States, and Australia. Together they were the destination of about 85 per cent of emigrants. Owing to the economic recession in the western economies and a general tightening of immigration policy in these countries, however, 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 their confidence about the future of Hong Kong was beginning to rise. For example, the number of emigrations from Hong Kong landing on 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 2002, estimated number of emigrants reached, 10,500, 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 have fulfilled 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 per cent of the total number of persons who emigrated in the ten years before 1994 have returned (Information Service Department 1995: 116). An unofficial study also estimates that the percentage of returnees climbed sharply from 27.9 per cent of all emigrants in 1994 to 60.3 per cent in 1995.² While there were some earlier concerns that these returnees might add to Hong Kong's employment problems, that they are mostly professionals should actually help Hong Kong alleviate our skill shortages.

5. Immigration

While in the early 1990s, the primary concern over international migration in Hong Kong was with emigration and the brain drain problem, by mid-1990s, the focus of public discussion has 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, in that illegal immigrants from China can be allowed to stay if they reached the city. In late 1970s, there was a wave of illegal immigrants coming from China, so that in 1980, the 'touch-base' policy was abolished (Information Service Department 1981). From that time onward, only legal immigrants from China are allowed to stay, and an informal agreement was reached between Hong Kong and China allowing only 75 people to come to Hong Kong each day on one-way exit permits. That means the new system allows a maximum of around 27,000 to 28,000 immigrants from China each year. When 1997 drawing 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 have direct relatives in Hong Kong, the increase in daily intake was deemed as necessary to minimize the shock after 1997 when a large number of Chinese family members of Hong Kong residents will then acquire the legal right of settling 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 may apply to enter Hong Kong for various purposes such as employment, education or residence as dependants. In 2001-2002, a total of 13,955 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 over immigration from China, that is, it would have to be regulated within a limit manageable to the SAR. Border control actually has been implemented with more vigilance since the handover, as reunification brought with it a higher level of cooperation between the SAR government and the local authorities in neighbouring Mainland region.

Table 5. Legal Immigration to Hong Kong, 1998-2002

Visa/Entry Permits Issued	1998-1999	1999-2000	2000-2001	2001-2002
Employment Visas for foreigners *	14,587	15,115	19,432	17,732
Employment Visas under Admission of Talents Scheme	---	8	118	90
Employment Visas under Admission of Mainland Professionals Scheme	---	---	---	142
Employment Visas under Supplementary Labour Scheme	1,774	790	1,336	1,283
Employment Visas for foreign domestic helpers	38,850	48,383	62,619	63,341
Student Visas	1,014	987	1,176	1,460
Dependant Visas	19,156	14,755	13,967	13,955
Total	75,381	80,038	98,648	98,003

(*) Excluding training and group visa applications.

Source: Immigration Department, Annual Report 2000-2001 and 2001-2002.

http://www.immd.gov.hk/a_report/main9e.html.

The return of Hong Kong to Chinese sovereignty did bring some changes in its immigration policies. One change was the end to the previous practice of allowing British citizens visa-free stay for one year in Hong Kong. Now they are allowed to stay in Hong Kong for 6 months and British visitors are subject to 'visitors' condition 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 in Hong Kong in 1996 and they could take up employment in Hong Kong. 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: 52).

Another major change in immigration policy is the definition of permanent residents of Hong Kong. According to the Basic Law, Article 24, the definition of permanent residents with right of abode in Hong Kong include: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).
- (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), which, 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 a parent who, at the time of that person's birth, is a permanent residents of Hong Kong 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 would now enjoy the right to permanent residence in Hong Kong if at the time of their birth either of their parents are permanent residents of Hong Kong. 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. There was extensive coverage of this controversy in previous years' country reports on Hong Kong.

Another category of people that are allowed to take up residence in Hong Kong is 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 since the return to Chinese sovereignty. People of other nationalities, if they are highly skilled or having 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 have to be judged on a case-by-case basis but the general rule is that the granting of such employment visas will be limited to professionals, specialists, administrators and managerial personnel who possess skills, knowledge or experience which are of value to and which are 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 steady at around 14,000-18,000 each year.⁴ Into the new century, however, the government has stepped up with its efforts to draw mainland professionals into Hong Kong (please see below).

Besides the skilled and professional employees, another 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 could 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 like 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.⁵

Table 6: Number of FDHs in Hong Kong, 1990-2002 (Year-end figures)

Year	Persons	Growth Rate (%)
1990	70,300	
1991	84,600	20.34
1992	101,182	19.60
1993	120,600	19.19
1994	141,400	17.25
1995	157,000	11.03
1996	164,300	4.65
1997	171,971	4.67
1998	180,604	5.02
1999	193,700	7.25
2000	216,790	11.92
2001	235,274	8.53
2002	237,104	0.78

Sources:

1990 to 1991 and 1993 to 1996 figures are from *Apple Daily* September 11, 1998, citing Immigration Department figures.

1992, and 1997 to 2002 figures are from Census and Statistics Department. 2003. *Hong Kong Annual Digest of Statistics*.

The number of FDHs in Hong Kong increased by over 10 per cent 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 reasons. First, there is a saturation effect as many families, which need 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 as well. Surprisingly, the onset of the financial crisis has no significant impact on the coming of FDHs as their number continued to grow over 1998. In 2001, the total rose further to 235,274 or by 8.5 per cent since the year before. In 2002, the long-term trend of increase appeared to have ended with an annual growth of less than 1% (Table 6). 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 is growing fast in the second half of the 1990s. In 1995, they accounted for 10.6 per cent of all FDHs, but by 2002, they were already more than 30% of the total (Table 7).

Table 7: National Origin of FDHs in Hong Kong (percentage of total in brackets)

Country (%)	1991	1992	1995	1997	1998	1999	2000	2001	2002
Philippines	91.07	89.68	85.05	82.23	79.09	75.23	71.08	67.20	63.63
Indonesia	2.19	3.56	10.60	14.71	17.90	21.75	25.89	29.78	33.52
Thailand	6.74	6.76	4.35	3.06	3.01	3.02	3.03	3.02	2.86
Total (N)	83,086	99,399	154,241	167,933	177,454	190,358	213,110	231,321	233,223

Source:

1991 and 1995 figures are unpublished information that supplied by the Immigration Department. 1992, and 1997 to 2002 figures are from Census and Statistics Department. 2003. *Hong Kong Annual Digest of Statistics*.

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 this author), in fact many married women would not have been able to stay in the labour market if not for the FDHs taking up the household chores and child-caring. As a government official 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 including. 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 on local press.⁸ In 2001 the Labour Department handled 2,461 cases of claims involving foreign domestic helpers. These cases account for only 1 per cent of the total number of 213,100 foreign domestic helpers in Hong Kong, suggesting that the large majority of the employment relationships are amicable. These cases, however, accounted for some 7.9 per cent of the total number of claims handled by the department (FDHs in turn account for about 6 per cent of the total labour force in 2001) and indicate its central 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.

Table 8: Number of FDH cases handled by the Labour Department

Year	Number of FDH-related claims	Total number 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	31 329

Source: Unpublished information supplied by the Labour Department.

Other areas of concern regarding FDHs are overcharging of commission by employment agencies and 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 per cent of her first month's salary or any other fees, such as processing fees 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 of overcharging FDHs and were fined \$30,000 and \$50,000 respectively. 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 Hong Kong authorities to control overcharging if that happens outside of Hong Kong. Hence it may not be able to come to the FDH's assistance if her agency at home overcharges her.

Besides, there are also occasional press reports about underpayment of FDH salaries. It is reported in newspapers that Indonesia FDHs 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 are actually paid. 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 In 2002, there were 94 claims or requests for assistance in respect of underpayment of wages lodged by FDHs with the Labour Department, but between January and September 2003, the number had already increased to 113.¹¹ The number of reported cases is still small compared with the total number of FDHs and the number of cases received by the Labour Department. An inter-departmental task group comprising Labour Department, Immigration Department and the Police has been set up to combat illegal practices such as underpayment of wages by FDH employers and overcharging of commission by employment agencies. The increase in reported cases probably was not a result of increase in actual cases but more because of the success by the Labour Department and NGOs to encourage the reporting of such cases.

Table 9. Population by Nationality, 1991, 1996 and 2001

Nationality	1991		1996		2001	
	Number	%	Number	%	Number	%
Chinese (Place of domicile – Hong Kong)	5,191,545	94.0	5,623,467	90.4	6,261,864	93.3
Chinese (Place of domicile – other than 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 and 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
<i>Total</i>	<i>5,522,281</i>		<i>6,217,556</i>		<i>6,708,389</i>	

Source: Census and Statistics Department. 2001a: 34.

Note: Figures refer to the first nationalities reported by respondents in the census/ by-census. Some persons claimed a second nationality but data on second nationalities are not included in this table.

The magnitude of the inflow of foreign labour into Hong Kong 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 dependants 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 total population was 5.1 per cent and 5.5 per cent in 1991 and 2001 respectively. In 2001, the Filipinos were by far the largest groups of foreign population in Hong Kong, accounting for 38.9 per cent 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 total population is therefore largely a result of the drop in the coming of Britons to Hong Kong as a result of 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 (Table 5). While 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. Furthermore, the scheme will also serve to resolve the previous anomaly that although Hong Kong has always extended an open arm to overseas professionals, the restriction on highly qualified Mainland Chinese had always been much stricter. In March 1994, a pilot scheme of bringing in employees was implemented, this time to import 1,000 skilled and professional personnel from China. 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. After the conclusion of this 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 talent from other places as well including Mainland residents currently living overseas, former Mainland residents who have settled in Macao, nationals of Bulgaria, Romania and Mongolia. Successful candidates will normally be granted employment entry permits/visas with an initial stay of 12 months upon entry. The candidates may apply for extension of stay before their limit of stay expires. Extension of stay will be approved only if the candidates continue to fully meet the eligibility criteria.¹²

"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."¹³ 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 unionist, academic, researcher and businessman.¹⁴

Between December 1999 and September 2002, a cumulative total of 723 applications for employment were received by the Immigration Department. Of these, 245 applications were approved, 459 were refused or withdrawn; and the remaining 19 were under processing.¹⁵ 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 also did not have the relevant training or work experience or they 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 the purpose of the aim is to attract the best talent, not importing cheap labour through the back door. It argued that more time is necessary 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 information technology and financial services sectors are eligible to apply. A Hong Kong registered company with remuneration broadly comparable to the local market rate must offer them a job. 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 Macau (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 fulfill 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 that questioned the need for bringing in overseas talents. On the other are businessmen and economists who regarded the Scheme as the right moves 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 By September 2002, a total of 431 entry applications were submitted, of which 263 are from the IT sector and 164 are from the financial services sector. Of these, 228 applications were approved, 141 are from IT and 87 are from the financial services.²¹ In March 2003, a new scheme, the Admission of Mainland Talents and Professionals was announced as part of the government's new population policy, replacing the two existing Admission schemes. More details will be provided in the last section.

6. Inflow of Less-skilled 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 at the craftsmen, operatives and technician levels, has stirred up a highly divisive political debate between labour and capital, with the government stuck 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

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: 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 Allocation of the import quotas was based on the vacancy rate and unemployment rate 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. 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 market wages for comparable jobs in the sector done by locals.

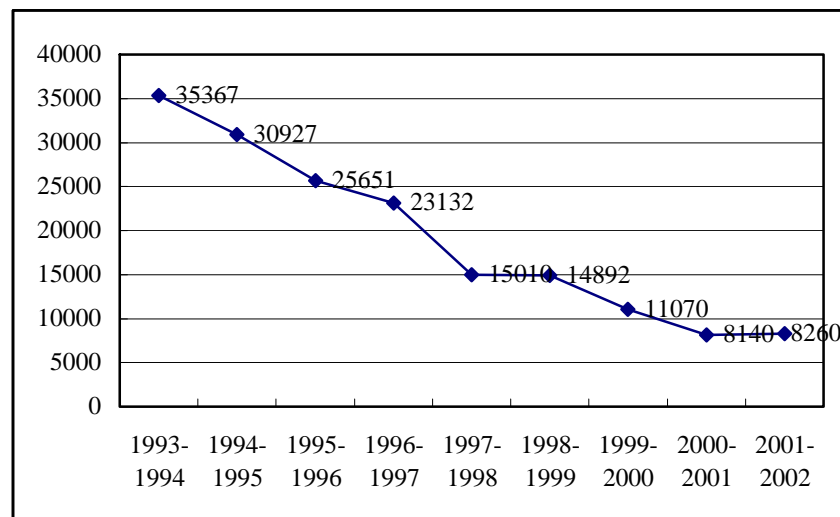
In 1995, an economic downturn and rise in unemployment then fuelled public resentment over the presence of legal and illegal imported workers. Then after the last Legislative Council election under British rule in 1995, trade unionist and other 'grassroots' representatives occupied a majority of the 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: 37) Instead a Supplementary Labour Scheme (SLS) 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 government reviewed the scheme when 2,000 work visas had been issued under the SLS and the revamped SLS has taken effect since 2 March 1998 and it is subject to annual review. In principle applications will be approved only when employer could satisfactorily demonstrate vacancies could not be filled by local workers (Levin and Chiu 1997). For this 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 its application be approved.

The issue of importing guest workers keeps coming back to the public agenda, however. In late 1998, some textiles and garment-making manufacturers demanded for the expanded importation of workers into the two industries.²⁵ Their reason being the rule of origin provision of the international textile quota system necessitated that production to be physically done locally in Hong Kong. Rather than letting the industries vanishes, 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 textiles and garment industries in Hong Kong.

The government reacted cautious to the demand. As for the request for importation of labour, the Government maintains that its labour importation policy anchors on 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 SLS) to fill the available vacancies.²⁶ Furthermore, according to local newspapers, the government is concerned that large scale importation of workers would only allow the local textiles and garment industries to maintain its current low-tech and labor-intensive production methods rather than moving up the technology and value-added ladder. There is also no guarantee that manufacturers will not use ever again the method of illegal transshipment in export mainland-made garments to overseas.²⁷ The proposal to let in manual workers from the Mainland and other countries, however, has been brought up by the business community from time to time since then.

Figure 3: Illegal Immigrants from the Mainland Intercepted



Source: Immigration Department. Annual Departmental Report, 2000-01 and 2001-02. http://www.immd.gov.hk/a_report/main9o.html

During the past year there were again proposals to allow employers to import workers but this time it comes as a one-plus-three package. The gist of the new proposals is that employers should be allowed to hire three mainland workers for every new job they create for a Hong Kong worker. After discussion between the employers and employees, it was agreed that the one-plus-three package be dropped. Nevertheless, the Administration would explore

how to create new job opportunities for local workers under the umbrella of CEPA through the introduction of importation of non-local skilled labour. The Administration is working on the proposal.

The problem of 'illegal workers' refers here to those whom come to Hong Kong on two-way exit permits (from mainland China) or visit visas who take up employment in breach of condition 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 2001-2002, the number of intercepted illegal immigrants stabilized at 8 260, and represented a major decrease when compared with 11 070 illegal immigrants arrested in 1999-2000 (Figure 3). Most of the illegal immigrants came to Hong Kong to take up illegal employment in construction sites, factories, restaurants or other places of work while some came here to meet their families and relatives. This suggests that the number of people illegally staying and working in Hong Kong can be substantial. Police has 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. The Immigration Department's Immigration Task Force has carried out special operations at construction sites, factories, restaurants, commercial offices and residential premises to combat illegal employment and overstayers. Most of these operations were jointly undertaken with the police. In 2002, 11,990 illegal workers were arrested, representing an increase of 52.9 per cent from 7,841 in 2001. Most of the illegal workers were prosecuted and were fined or imprisoned before repatriation to their home countries. The largest category of illegal workers were prostitutes, 8,456 or 70.5% of those arrested in 2002 were of this category. Excluding the prostitutes, the increase of illegal workers in the last two years was still remarkable. In 2001, the number of illegal workers arrested was 2,681 and in 2002, it shot up to 3,534. In the first nine months of 2003, law enforcement authorities already arrested 3,985 illegal workers (Table 10). Again the increasing intensity of law enforcement operations could be the cause for the jump in arrest figures. In 2001, some 2,896 operations were undertaken by the Immigration Department, while the corresponding figure was 3,580 in 2002 and 3,792 between January and September in 2003.²⁸

Table 10 The Number of Illegal Workers (excluding those engaged in prostitution) Arrested, 2000-2003.

Year	Mainland Visitors	Illegal Immigrants from the Mainland	Visitors of other Nationalities	Foreign Domestic Helpers	Other Illegal Workers	Total
2000	1,853	118	57	244	45	2,317
2001	2,210	156	46	196	73	2,681
2002	3,031	87	62	220	134	3,534
2003 (January-September)	3,536	119	44	151	135	3,985

Source: Government Information Service Press Release. "LCQ17: Measures in Combating Illegal Workers." October 22, 2003.

Under section 17I of the Immigration Ordinance, it is an offence to employ a person who is not lawfully employable. During 1999-2000, the number of prosecutions of employers of

illegal workers (two-way permit holders, FDHs, imported workers, illegal immigrants and other visitors working illegally) was 391.²⁹ In order to combat unlawful employment at 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 employment at the construction sites under their charge. A construction site controller found guilty of the offence is liable to a fine of \$350,000.³⁰

The Government has however faced 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 prosecuting employers of illegal workers on construction sites due to the sub-contracting system of the industry so that it is sometimes difficult to identify the employer of illegal workers for prosecution. 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 in construction sites (*Daily Information Bulletin (DIB)* 29/7/98).³¹

In February 1999, the Government introduced amendments to the Immigration Ordinance with a view to tackling more effectively the problem of illegal employment, especially of those who hold Two-way Permits (TWP), 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 in 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 per cent 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\$350,000.³² In 2002, 383 employers were prosecuted for employing illegal workers (Immigration Department 2001).

The problem of illegal employment has also arisen in connection with foreign domestic helpers. Some employers have illegally deployed their foreign domestic helpers to take up non-domestic duties which presumably takes away work opportunities that might otherwise be available to locals.³³ In other cases, foreign domestic helpers illegally take up additional employment. In 2002, a total of 220 foreign domestic helpers were arrested for engaging in illegal activities, a 12% increase over 2001 (Table 10). A number of measures have been taken over the last few years to prevent abuses relating to employment of foreign domestic helpers including (1) with effect from 13 December 1995, identity cards prefixed with "W" have been issued to foreign domestic helpers applying for a new or replacement identity card to enable law enforcement agencies to identify readily foreign domestic helpers' 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 foreign domestic helpers 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 would be identified for seeking a review by the court (DIB 16/12/98).

Recent Issues in International Migration

In 2003, public attention on migration issues centered on a number of new measures resulting from the administration's review of its population policy.

For the first time, Hong Kong has sought to formulate explicitly the territory's population policy and a host of new measures pertaining on immigration followed. In September 2002 the government appointed a high level Task Force on Population Policy, headed by the Chief Secretary for Administration to develop a long-term population policy. The Task Force eventually submitted a report in February 2003 outlining the government's principles on population policy.

The Report confirmed that inward population movement from Mainland China has been the primary source of our population growth. Yet many of the adult new arrivals have few work skills and low education level. As Hong Kong is moving towards high value-added and knowledge-based activities, it is having a growing population of migrant workers filling a diminishing number of unskilled jobs available. The objective of the new population policy therefore is to nurture a population that could sustain Hong Kong's long-term economic and social development by improving the overall quality of its population.

Among a number of immigration policies discussed, the Report suggested that the total daily quota of 150 new arrivals with the One Way Permit Scheme from the Mainland would remain unchanged. The reason being the need to allow families split between the Mainland and Hong Kong to reunite under the system. More training programmes will be developed to address the training needs of new arrivals of different age groups.

New initiatives have also been unveiled in the Report, however. As the report points out: "To raise the quality of our human capital, Hong Kong can no longer rely solely on the pool of home-grown talent. Hong Kong must have the capacity to draw on the best and the brightest in the region and world-wide, including the populous and fast-developing Mainland." (Task Force on Population Policy 2003: 55) Currently as suggested above, Hong Kong has a rather liberal policy on admitting overseas professionals while by comparison the existing policy on entry of Mainland professionals is very restrictive. It therefore recommended "the conditions of admission for those admitted from the Mainland should be relaxed and aligned with those from other countries as far as possible, e.g., successful applicants should be allowed to enter with their immediate families and restrictions on specific sectors in which Mainland professionals are allowed to work should also be lifted." (Task Force on Population Policy 2003: 56)

Following the Task Force's recommendation, a new "Admission Scheme for Mainland Talents and Professionals" was approved in March. Mainland residents who satisfy the following eligibility criteria may apply for entry under the Scheme:

- (a) The applicant should have a good education background, normally a first degree in the relevant field. But in special circumstances, good technical qualifications, proven

professional abilities and/or relevant experience and achievements supported by documentary evidence may also be accepted;

(b) The applicant's admission is contingent on a confirmed offer of employment. The applicant should be employed in a job relevant to his academic qualifications or working experience which cannot be readily taken up by the local work force; and

(c) The remuneration package should be broadly commensurate with the prevailing market level.³⁴

There will be no quota or sectoral restriction under the new scheme and it will replace the previous two schemes for admitting Mainland professionals. A non-statutory advisory committee, to be appointed by the Chief Executive, would be set up to advise on applications submitted under the Scheme. Again in line with the overall policy of admitting overseas professionals, successful applicants under the scheme will be allowed to bring their spouses and unmarried dependent children under the age of 18 to Hong Kong. The new scheme started to receive applications in July 2003.

The other new scheme unveiled by the Report is the "Capital Investment Entrant Scheme." As the Secretary for Security responsible of immigration policies explain: "Under existing policy, entrepreneurs may enter Hong Kong to set up or join in a business. But this does not cover persons who have the financial means to make substantial investment in Hong Kong but do not wish to run the business themselves. This places Hong Kong at a disadvantage in the global competition for capital investment. We will therefore introduce the Capital Investment Entrant Scheme to attract capital investment entrants to come to Hong Kong, i.e. people who have the financial means to make substantial investment in Hong Kong but would not, in the context of the Scheme, run the business themselves. We will ring-fence the new investment they bring so as to ensure that they bring benefits to local financial and economic activities. Capital investment entrants will also contribute to local consumption."³⁵

The investment threshold under the Scheme is being set at HK\$6.5 million, and investment will have to be made in a specified list of permissible investment assets including real estates and financial assets like equities, unit trusts and bonds. The new policy is applicable to all foreign nationals, Macao Special Administrative Region residents, Chinese nationals who have obtained permanent resident status in a foreign country, stateless persons who have obtained permanent resident status in a foreign country with proven re-entry facilities and residents of Taiwan. It does not apply to Mainland residents, however, because foreign exchange control is currently implemented in the Mainland. Entrants under the Scheme are not allowed to realise or cash in any capital appreciation of the qualifying portfolio. On the other hand, if the value of the portfolio falls below the original level of HK\$6.5 million, no topping up is required. Regular reporting is also required on the composition and value of the qualifying portfolio. Entrants could also bring along their spouses and unmarried dependent children under the age of 18. After seven years of continuous ordinary residence in Hong Kong, capital investment entrants and their dependants may apply for the right of abode in Hong Kong in accordance with the law. The Scheme was launched in October 2003.

On the largest category of transient migrant workers, the FDHs, the report also recommended a major change in policies. As discussed earlier, the economic downturn has apparently not dampened the inflow of FDHs into Hong Kong, with 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. Last year, I reported on debate over the review of FDH salaries. Ever since the Asian Crisis, there have been constant demands by employer groups to reduce FDH's minimum allowable wage in the wake of the recession. In February 1999, the Government after its annual review announced that the minimum allowable wage for employment contracts of foreign domestic helpers in Hong Kong would be set at \$3,670 a month, a 5% reduction from the previous HK\$3,860.³⁶ Since that adjustment, the Government had kept the minimum allowable wage unchanged until last year. In the report, however, the Task Report finally announced a reduction in the minimum monthly salary for FDHs by \$400 starting from April 2003.

Another proposal is to impose a levy on employers of FDHs. More recently, in late 2002, a new proposal was being circulated in the local community. One version of it involves the imposition of a \$500 monthly levy on each foreign domestic helpers in Hong Kong, first aired in April and have been endorsed by the leaders of the pro-business Liberal Party, the Progressive Alliance and the Democratic Alliance for Betterment of Hong Kong. The levy could raise HK\$1.4 billion a year for the government and it could be used to finance training programmes for local domestic workers.³⁷ While some trade unions continued to oppose to the levy as discriminatory and unfair, the majority of trade unions responding to a poll agreed to the imposition of the levy.³⁸ This suggests that the backlash against foreign domestic helpers could be substantial. Nevertheless, in the above poll, about half of those in favour of a levy also indicated that the levy should be shared by both the employers and the employees. Local organizations supporting foreign workers naturally rose against the idea and the consulates of the sending countries also joined in. Even employer organizations of foreign helpers this time joined force with their employees and opposed the levy.

After much deliberation, the Task Force finally made the recommendation in the Report to impose a “retraining” levy on all employers applying to the Immigration Department to employ, or renew a contract with, a foreign domestic helper. They will be required to pay a levy of \$400 per month for the whole of the contract period. “The levy will be used for the training and retraining of the local workforce and related promotional activities to enhance their employment opportunities. It will be payable upfront in a lump sum of \$9,600 or in four equal instalments of \$2,400.”³⁹ In effect, the government is now designating the importation of FDHs as a kind of labour importation scheme under the Employee Retraining Ordinance because by the Ordinance employers importing less-skilled workers under the previous schemes also had to pay such a retraining levy.⁴⁰

The government also insisted that the new levy is unrelated to the \$400 monthly salary reduction for FDHs beginning in April. A government spokesperson stressed “the pay adjustment was due to the steady drop in a basket of economic indicators since 1999, when the foreign domestic helpers’ pay was last reduced.”⁴¹ An official document indicated that since the last revision in 1999 when the minimum salary was reduced by \$190 or 4.9%, the Consumer Price Index (A) has fallen by around 10%. The median monthly earning of service workers has also dropped by a similar magnitude and that of elementary occupations by around 16%.

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 Hong Kong 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 then perhaps is at a time when Hong Kong need to control more tightly the coming of immigrants from the mainland, we are also opening our doors, indeed are actively soliciting, highly skilled migrants from China. Certainly this is a dilemma that the Hong Kong Government shares with many counterparts in other places. The Task Force Report on Population Policy is a first step towards the formulation of a long-term and comprehensive policy framework to resolve this dilemma.

The recession has also sparked off new debates over the importation of migrant workers in Hong Kong. The levy on FDHs has long been demanded by quarters of the more conservative labour movement and political parties. The salary reduction of FDHs reflected employer concerns in a difficult time. The government, in a sense, has been caught in the crossfire. So far Government policies have striven to balance the interests of employers, local workers and migrant workers. Whether it can continue to do so perhaps depends both on political skills and the conditions of the local labour market. The last thing Hong Kong needed is a backlash against foreign workers in Hong Kong, especially the more vulnerable domestic helpers. Serious local unemployment, however, has stretched the tolerance of the local community. The Hong Kong should try its best to prevent such a backlash from materializing and strike a compromise between the extremes.

References

- Asian Migrant Centre. 1999. *Asian Migrant Yearbook 1999*.
- Census and Statistics Department. 1991. *Hong Kong Annual Digest of Statistics*. Hong Kong: Government Printer.
- Census and Statistics Department. 1998e. "The Characteristics of Persons from the Mainland Having Resided in Hong Kong for Less than 7 Years." Pp. FC1-FC16. *Hong Kong Monthly Digest of Statistics January 1998*. Hong Kong: Printing Department.
- Census and Statistics Department. 1999a. *Hong Kong Annual Digest of Statistics*. Hong Kong: Printing Department.
- Census and Statistics Department. 1999b. *Hong Kong Monthly Digest of Statistics October 1997*. Hong Kong Printing Department.
- Census and Statistics Department. 1999c. *Estimates of Gross Domestic Product 1961 to 1996*. Hong Kong: Printing Department.
- Census and Statistics Department. 2001. *2001 Population Census: Summary Results*. Hong Kong: Census and Statistics Department.
- Census and Statistics Department. 2002. *Hong Kong Annual Digest of Statistics*. Hong Kong: Printing Department.
- Census and Statistics Department. Various years. *Quarterly Report on General Household Survey*. Hong Kong: Government Printer.
- Chau, Leung-chuen. 1993. "Labour and Employment" Pp. 127-146 in Choi Po-king and Ho Lok-sang (eds.) *The Other Hong Kong Report*. Hong Kong: The Chinese University Press.
- China Statistical Bureau. Various Years. *China Statistical Yearbook*. Beijing: China Statistical Bureau.
- Chiu, Stephen W. K. and Lui Tai-lok. 1995. "Horizontal Expansion and Spatial Relocation: Production and Employment Restructuring of the Electronics Industry in Hong Kong" 10th World Congress International Industrial Relations Association, Washington DC 31 May - 4 June.
- Chiu, Stephen W. K., Lai On-kwok and Lee Ching-kwan. 1995. *A Study of the Impact of Industrial Restructuring on Women Workers: An Interim-Report*. Mimeograph.
- Commissioner for Labour. Various years. *Annual Departmental Report*. Hong Kong: Government Printer.
- Elegant, Simon. 1997. "Expatriates: A New Breed." *Far Eastern Economic Review*. 26 June: 52-53.
- Federation of Hong Kong Industries. 1993. *Investment in China: 1993 Survey of Members of the Federation of Hong Kong Industries* Hong Kong: Federation of Hong Kong Industries.

Friedman, John. 1995. "The World City Hypothesis." Pp. 317-331 in Paul Knox and Peter Taylor (eds.) *World Cities in a World-system*. Cambridge: Cambridge University Press.

Immigration Department. 2001. *Annual Report 2000-2001*. Hong Kong: Printing Department.

Immigration Department. 2002. *Annual Report 2001-2002*.
(http://www.immd.gov.hk/a_report/01.html)

Industry Department. 1990/1994. *Hong Kong's Manufacturing Industries*. Hong Kong: Government Printer.

Information Service Department Press Release. "LCQ17: Measures in Combating Illegal Workers." October 22, 2003. (<http://www.info.gov.hk/gia/general/200310/22/q17e.htm>)

Information Service Department. Various issues. *Daily Information Bulletin*.
<http://www.info.gov.hk/isd/news/>)

Information Service Department. Various years. *Hong Kong Annual Report*. Hong Kong: Government Printer.

International Monetary Fund. 1998. *World Economic Outlook, October 1998*.
(<http://www.imf.org/external/pubs/ft/weo/weo1098/index.htm>)

Kwong, Paul C. K. 1989. "Population and Immigration." Pp. 369-380 in T. L. Tsim and Bernard H. K. Luk (eds.) *The Other Hong Kong Report* Hong Kong: The Chinese University Press.

Levin, David A. and Stephen W. K. 1993. "Dependent Capitalism, A Colonial State, and Marginal Unions: The Case of Hong Kong." in Stephen Frenkel (ed.) *Organized Labour in the Asia-Pacific Region*. Ithaca: ILR Press.

Levin, David and Stephen W. K. Chiu. 1997. "Country Report: Immigration for Employment: The Hong Kong Experience." Paper presented at the Workshop on "International Migration and Labour Markets in Asia" Japan Institute of Labour, Tokyo, 30-31 January.

Lui, T. L., and S. Chiu. 1994. "A tale of two industries: the restructuring of Hong Kong's garment-making and electronics industries". *Environment and Planning A* Vol.26:53-70.

Riedel, James. 1974. *The Industrialization of Hong Kong*. Kiel, Germany: Institut für Weltwirtschaft an der Universität Kiel.

Sing Tao Evening Post. 23rd December 1995. "Capitalists Profit from Exploitation of Illegal Foreign Workers". (in Chinese)

Skeldon, Ronald, John Jowett, Allan Findlay and Lin Li. 1995. "An Assessment of Available Data Sources for the Analysis of the Trends in Migration." Pp. 79-110 in Ronald Skeldon (ed.) *Emigration from Hong Kong*. Hong Kong: The Chinese University Press.

Skeldon, Ronald. 1990. "Emigration and the future of Hong Kong." *Pacific Affairs* 63: 500-523.

Skeldon, Ronald. 1995a. "Labour Market Changes and Foreign Worker Policy in Hong Kong" paper presented at the Conference on "Migration and the Labour Market in Asia in the Year

2000”, organized by the Government of Japan, the OECD, and the Japan Institute of Labour. Tokyo, 19th-20th January 1995.

Skeldon, Ronald. 1995b. “Emigration from Hong Kong, 1945-1994: The Demographic Lead-up to 1997.” Pp. 51-78 in Ronald Skeldon (ed.) *Emigration from Hong Kong*. Hong Kong: The Chinese University Press.

Skeldon, Ronald. 1994. “Immigration and Emigration: Current Trends, Dilemmas and Policies.” Pp. 165-186 in Donald McMillen and Man Si-wai (eds.) *The Other Hong Kong Report 1994*. Hong Kong: The Chinese University Press.

Skeldon, Ronald. 1995c. “Immigration and Population Issues” in Stephen Y. L. Cheung and Stephen M. H. Sze (eds.) *The Other Hong Kong Report 1995*. Hong Kong: Chinese University Press.

Youngson, A. J. 1982. *Hong Kong Economic Growth and Policy*. Hong Kong: Oxford University Press.

Zeng, Jian Cheng. 1995. “Don’t Let the Vampires Swig Again.” *Ming Pao* 4th December. (in Chinese)

Zeng, Yuan Cang. 1995. “The Hong Kong Government is the Culprit in the Deduction of Foreign Workers’ Wages.” *Apple Daily* 29th November (in Chinese).

Annex I – Major Economic Indicators

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Real GDP Growth (%) (At 2000's Market Price)		3.9	4.3	5.1	-5.0	3.4	10.2	0.5	2.3
Current Account Balance (Million HK\$)				-47681	34,283	93,447	70,960	95,763	137,277
Foreign Direct Investment (Million HK\$)					114,359	190,689	482,569	185,424	106,986
Producer Price Index (1990=100)	108.2 (2.1%)	111.2 (2.8%)	111.1 (-0.1%)	110.8 (-0.3%)	108.8 (-1.8%)	107.1 (-1.6%)	107.3 (0.2%)	105.6 (-1.6%)	102.7 (-2.7%)
Consumer Price Index (10/99-9/2000 = 100)	85.2 (8.8%)	92.9 (9.1%)	98.8 (6.3%)	104.5 (5.8%)	107.5 (2.8%)	103.2 (-4.0%)	99.4 (-3.8%)	97.8 (-1.6%)	94.8 (-3.1%)
Real GDP per person (HK\$ at 2000's Market Price)		176,371 (1.8%)	175,983 (-0.2%)	183,374 (4.2%)	172,813 (-5.8%)	177,019 (2.4%)	193,299 (9.2%)	192,476 (-0.4%)	195,027 (1.3%)
Real Wage Growth (%)									
Craftsmen and Operatives	-2.2	-3.2	1.8	1.4	-0.8	3.9	1.8	2.8	3.2
Non-production workers to supervisory level	1.5	-1.0	0.9	1.8	0.1	4.7	4.2	1.6	3.3
Middle management and professionals	3.8	3.7	3.3	3.6	3.1	4.8	9.9	5.3	3.4

Source: Census and Statistics Department. Various years. *Hong Kong Annual Digest of Statistics*.

Note: 2002 figures are provisional and subject to adjustment.

Notes

* 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. I would also like to thank in particular Mr Anson Yat Ching Lai of the Labour Department. All omissions and errors are my responsibilities.

¹ *Apple Daily* 17 November, 1997.

² *Apple Daily* 11 September, 1997.

³ *The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China*. Chap. 3, Art. 24.

⁴ I am grateful to the Labour Department for this information.

⁵ Private correspondence from the Labour Department. 23 January, 1998, p.3.

⁶ Information Service Department 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.

⁹ I am grateful to the Labour Department for supplying this information.

¹⁰ Government Information Service press release. 28 February 2000.

¹¹ Legislative Council question session.

<http://www.info.gov.hk/gia/general/200311/05/1105193.htm>

¹² Information Service Department Press Release. 16 December, 1999. "Government announces details of Admission of Talents Scheme" <http://www.info.gov.hk/isd/news>.

¹³ 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>

¹⁴ Information Service Department 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>.

¹⁵ Immigration Department, October 2002. "Quarterly Report on The Admission of Talents Scheme". Paper tabled at the Manpower Panel meeting of the Legislative Council. (LC Paper No. CB(2)90/02-03(01))

¹⁶ *South China Morning Post*. October 7, 2000. "Mainland job-seekers turned back despite shortage of skilled workers".

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. , October 2002. "Quarterly Report on The Admission of Mainland Professionals Scheme". Paper tabled at the Manpower Panel meeting of the Legislative Council. (LC Paper No. CB(2)79/02-03(01))

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) as "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 Hongkong 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.

²⁵ *Ming Pao* November 30, 1998; *Apple Daily* December 2, 1998.

²⁶ Private correspondence from Labour Department. 17 January, 2000, p.2.

²⁷ *Ming Pao* December 1, December 16, 1998.

²⁸ Legislative Council Questions. <http://www.info.gov.hk/gia/general/200310/22/q17e.htm> .

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 Annual Report, Immigration Department. (http://www.info.gov.hk/immd/a_report/1-5.5eng.html)

³¹ . 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.

³² 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 22/10/98).

³³ . 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 Hong were foreign helpers. These foreign domestic helpers then received HK\$3,860 a month while drivers could earn at least \$8,000 (HKS 23/10/98).

³⁴ Information Services Department. 11 March 2003. Press Release. "Exco endorses new schemes to attract quality immigrants."

³⁵ Information Services Department. 11 March 2003. Press Release. "Exco endorses new schemes to attract quality immigrants."

³⁶ Government *Daily Information Bulletin* 2 February, 1999. "Minimum allowable wage for foreign domestic helpers". <http://www.info.gov.hk/isd/news>.

³⁷ South China Morning Post. August 20, 2002. "70pc favour limit on foreign maid numbers."

³⁸ *Apple Daily*. December 10, 2002. "90% trade unions agreed to levy on foreign helpers."

³⁹ Information Service Department Press Release. “FDH Employers to Pay Employees Retraining Levy” August 29, 2003.

⁴⁰ Legislative Council Brief. 2003. “Review of the Policy on Foreign Domestic Helpers.” EDLB/LB/C/36/02.

⁴¹ Information Services Department Press Release. August 29 2003 “Foreign Domestic Helper Levy in Effect from October”