WORKSHOP ON INTERNATIONAL MIGRATION AND LABOUR MARKET IN ASIA

5, 6 February, 2004
Tokyo, Japan

Organised by
The Japan Institute for Labour Policy and Training (JILPT)

Supported by
Ministry of Health, Labour and Welfare, Japan (MHLW)
The Organisation for Economic Co-operation and Development (OECD)
The International Labour Office (ILO)

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WORKSHOP ON INTERNATIONAL MIGRATION AND THE LABOUR MARKET IN ASIA

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SUMMARY AND CONCLUSIONS

The Workshop on International Migration and the Labour Market in Asia, organised by The Japan Institute for Labour Policy and Training (JILPT), and supported by the Japanese Ministry of Health, Labour and Welfare (MHLW), the Organisation for Economic Co-operation and Development (OECD), and the International Labour Organisation (ILO), has taken place annually since 1995. This year marked the tenth workshop of the series. Specialists and policy-makers from eleven countries and regions of Asia, as well as specialists from OECD and the ILO, met on 5-6 February 2004 in Tokyo, in order to examine the current situation regarding international migration and related policies in Asian countries, and to facilitate the exchange of knowledge and information between the region's policy makers and experts.

This year, the workshop was divided into two parts: A Special Session on the theme of Present and Future - Regional Patterns of International Migration, and a General Session, based on national reports from the participating countries. In the General Session, two themes were analysed: 1) trends in economics and labour markets, related to foreign workers, illegal entries, social integration, overseas remittances and employment and 2) trends in policies concerning the above issues and propositions for future measures.

1. Special Session

The workshop began with a special session on the theme of "Regional Patterns of International Migration - Present and Future". Following keynote speeches on the impact of regional integration on international migration and other related matters presented by four specialists from the United States, Europe, Asia and Australia, a panel discussion was held, with the participation of specialists from Asia, focusing on: 1) The economic impact of regional integration on international migration; 2) The social impact of international migration; and 3) The future prospects of international migration through regional partnership in Asia.

Professor Philip Martin of the University of California, Davis, reported on the policies for admission of immigrants in the United States, Canada, and Mexico, as well as on recent developments in the framework of the North American Free Trade Area (NAFTA). Professor Martin presented the recent initiative proposed by the United States for the issue of work permits valid for three years (and renewable only once) to illegal immigrants, on condition that the employer pays a stipulated fee. Two-thirds of immigrants to the United States come under family reunification (are invited by the families and relatives of immigrants), while half of the immigrants to Canada enter the country with the purpose of finding work. The two countries have different systems for admitting foreign national for employment, immigrants can enter the United States as long as there is an unmet demand for labour, whilst immigrants are accepted into Canada only when they reach a certain level in a point-based qualifying system (age, family status, qualifications, experience, etc.). Also, many of the immigrants for the United States have not finished secondary school education, and their lower qualification is the cause of their lower income and the widening of the income disparity between American citizens and immigrants. Professor Martin believes that it is necessary to establish a system in the future for the United States to select immigrants and not for immigrants to choose the United States. As for the outcomes of NAFTA, he reported that it had been expected that the promotion of free trade would have a favorable impact on decreasing the number of immigrants from Mexico, but no such results have been obtained in this area.

Mr. Jean-Pierre Garson, Head, Division of Non-Member Economies and International Migration, Directorate for Employment, Labour and Social Affairs, OECD, cited ten characteristics of immigrants in Europe: 1) Immigrants are an important component of the population; 2) Immigration to Europe is, in part, the result of a former colonial history and other historical background factors; 3) Immigrants have played an important role in economic growth; 4) In the context of the enlargement of the European Union (EU), some EU member states are against the free settlement of the citizens of the accession countries; 5) Migrant mobility has decreased in the European labour markets; 6) Social aspects have become increasingly important, including social protection of immigrants and enhancement of immigrants' social status; 7) Links with sending countries are being improved through bilateral agreements and provision for readmission of illegal immigrants, as well as measures to increase co-operation for development; 8) Harmonisation of the immigration policies of EU member states is becoming a key concern; 9) Plans have already been drawn up to open doors to temporary workers; 10) Immigration policies alone cannot alleviate the consequences of ageing and reduce labour shortages. Internal labour resources should be better used to this end.

Professor Yasushi Iguchi, Faculty of Economics, Kwansei Gakuin University, described the characteristics of Asian immigrants, citing four major aspects of the system of international migration in East Asia: 1) Movement is mainly temporary; 2) Bilateral agreements are still underdeveloped in comparison with Europe; 3) Private agencies and networks play an important role in the adjustment of supply and demand of immigrants; 4) Many of the immigrants are low-skilled workers, while highly-skilled workers are of great importance mainly as intra-company transferees. Professor Iguchi also stated that Asian economic integration should be discussed not only from the viewpoint of expansion of trade, but also from the comprehensive viewpoint of prevention of financial crisis, development of intra-regional market and avoidance of the crisis through technology transfer and innovation. Furthermore, he pointed out that free movement of labour is difficult to achieve in Asia within the 21st century, because intraregional income disparities are large and some countries have excessive labour forces; and that there will be a need in the future for policies based on long-term perspectives.

Professor Graeme John Hugo, University of Adelaide, Australia, reported on the Asia-Pacific Economic Cooperation (APEC) Business Travel Card, noting that the Cards have enabled information control at the time of departure, as well as establishing a faster immigration control process for the exclusive use of cardholders; and that 15 of the 21 economies have currently participated in the scheme (the remaining six countries plan to participate within a year), with 7 700 cards issued so far (at an annual rate of increase of 25%), which are mainly used by elite groups with higher mobility. He further pointed out that an initiative to establish a co-operative system is required for smoother intraregional migration, and that although control of immigrants is common and fundamental among countries, there are still issues remaining to be resolved. There are not many countries in Asia with a history of immigration, which is one of the reasons for the lack of sufficient knowledge of immigrant control; and it is desirable to introduce a step-by-step system for implementation of the scheme.

In the panel discussion that followed, the moderator was Mr. Tomoaki Katsuda, Director, Foreign Workers’ Affairs Division, Employment Security Bureau (MHLW), The socio-economic impact of international migration through regional integration was discussed, based on the keynote speeches and the current status and challenges of existing regional integration, including EU and NAFTA.

The following topics of discussion were provided: 1) What is the economic impact of regional integration, such as EU and NAFTA, on labour markets and international migration? 2) What is the social impact of international migration on sending and receiving countries? and 3) What are the future prospects of international migration through regional partnership in Asia?

At the start of the discussion on the economic impact of regional integration, such as EU and NAFTA, on labour markets and international migration, Professor Ronald Skeldon, Fellow of the University of Sussex and Honorary Professor at the University of Hong Kong China, consultant to OECD, one of the panellists, stated that migration through regional integration has a favorable impact economically. Ms Rosalinda Baldoz, Administrator of the Philippine Overseas Employment Administration, pointed out that migration has certain benefits, including learning of skills, economic contributions through overseas remittances and the lowering of the unemployment rate in the sending country. Furthermore, Mr. Hiroaki Watanabe, Assistant Senior Researcher, JILPT, stated that regional partnerships in Asia involve economic disparities, income disparities, and differences in industrial and demographic structures; and that Japanese direct investments overseas will decrease domestic employment initially, but will have the merit of increasing employment in the long run. Dr. Manolo Abella, Chief, International Migration Programme of the ILO, drew attention to the problems of governance in migration, and cited the features of sound policies for managing migration. He said that there is often a problem with leadership since migration is a highly sensitive political issue. There is a need for vision, and for gaining broad support for policy through social dialogue, for having coherent policies, and for insuring transparency. He added that migration is increasingly global and diversified, hence more difficult to manage. He concluded his remarks by saying that there is little concrete evidence that development and migration are closely linked except that as countries become richer their people are less and less likely to emigrate.

The next topic discussed during the Special Session was the social impact of international migration on sending and receiving countries. Ms Baldoz stated that labour migration is accompanied by the issue of social costs; that finding ways to send highly value-added human resources is a challenge that should be faced; and that regulation of private agencies for recruitment and transfer of workers should also be dealt with more strictly. Ms Baldoz also brought up the issue of how the family members of international immigrants left behind in sending countries should be treated. Mr. Watanabe indicated that immigrants to Japan can be divided into four categories: 1) The highly-skilled; 2) Foreign nationals of Japanese ancestry; 3) Students and trainees; and 4) Illegal workers. Mr. Watanabe pointed out that persons in the second category, foreign nationals of Japanese ancestry, are often workers employed by subcontractors in the manufacturing processes in factories, which gives them little opportunity to improve their skills and capabilities; that they are used not because they are foreigners but because they are a flexible labour force hired as just-in-time employees; and that the prolonged stay of foreign nationals of Japanese ancestry creates various issues, including invitation of their family members to Japan, adaptation to the Japanese society of the second generation, and the accompanying issues of social security.

Regarding the future prospects of international migration through regional partnership in Asia, Ms Baldoz stated that no change in the pattern of migration is expected in the Philippines in the foreseeable future. She said that both the sending and receiving countries need to take responsibility for the maximisation of the benefits of migration, including establishing a dialogue to remove any obstacles preventing international migration. Mr. Watanabe suggested that the issues concerning foreign workers should be reviewed and prioritised after discussion of the long-term perspectives for Japan or other Asian regions, since Japan is expecting its labour force to decrease by 6.1 million people in 20 years time. Professor Skeldon pointed out that although regional partnership in Asia focuses mainly on the economic aspects, these partnerships should be formed with due consideration not only to economic but also to political development. He also noted that since the range of regions included in APEC is very wide, there seems to be no unified approach.

The moderator, Mr. Tomaoki Katsuda, summarised the first half of the special session, specifically pointing out the lack of governance regarding immigrants. He said that at present, it is unlikely that regional partnership in Asia will be comparable to that in Europe, because of the existing income disparities; and that in Asia, re-location of industries precedes migration.

At the start of the second half of the special session, keynote speakers commented on the panel discussion. Professor Iguchi suggested the need for the improvement of the acceptance mechanism for foreigners in general, including foreign nationals of Japanese ancestry, while Professor Hugo suggested that methods of dealing with the control of immigrants will be increasingly important in the future, as migration will accelerate, along with the expansion of networks and advances in communication technologies.

Trends in immigration in the enlarged EU and issues of sending countries such as the Philippines and others were discussed and opinions were expressed to the effect that mass immigration will not occur with the enlargement of the EU; relatively smaller income disparities among EU member countries and the political nature of EU integration make it difficult to use EU integration as a precedent for a possible Asian integration, which will most likely be market-oriented; and development strategies, including those for creating domestic employment, are essential for sending countries such as the Philippines.

Other topics, including measures against human trafficking, as well as the employment of foreign students in receiving countries, were discussed, and the other participants were invited to join in the debate.

2. General Session 1

Topics specific to the countries were discussed in the General Session, based on the country reports prepared beforehand by each participating country. The General Session consisted of two parts: Session 1 focused on trends in economies and labour markets, related to foreign workers, illegal entries and workers, social integration, overseas remittances, and employment. In Session 2, trends in policies concerning the above issues and prospects of future measures were addressed.

Professor Naoyuki Kameyama, Faculty of Management, Atomi University, chaired the first half of Session 1 and opened by welcoming reports from countries on their economies and labour market trends, and recent large-scale movements of immigrants. An increase in the number of foreign workers escaping from companies for which they worked, as well as the widening disparity in the income of foreign workers and that of local workers were reported for Chinese Tapei.

Professor Ryuichi Yamakawa, Institute of Social Sciences, University of Tsukuba, chaired the latter half of Session 1, which he opened with a summary of the current situation in countries from three viewpoints: 1) The situation in receiving countries; 2) The situation of illegal workers; and 3) The economic situation in sending countries. In receiving countries, a polarisation can be seen in labour markets. They are receiving a decreasing number of low-skilled labourers working in demanding, difficult, and dangerous workplaces, and an increasing number of highly skilled workers. Furthermore, there is an increase in the number of cases in which foreigners who have lived in the country apply for immigrant status, a decrease in the number of illegal workers in general, and overseas remittances play an important role in the economy of sending countries. During the course of the discussion among participating countries, delegates from Singapore, Malaysia and Hong Kong China reported on the use and status of income and expenditure of the foreign worker levy scheme, and lively arguments for and against the system followed.

3. General Session 2

The first half of General Session 2 started with the Chair, Professor Shouichi Ito, Faculty of Economics, Kwansei Gakuin University, requesting information on recent trends in labour migration policies of respective countries. The report from Indonesia concerned the plan to send around 1 million workers overseas in 2004, while the report from Taipei China's provided details of the regulations for employment agencies and bilateral agreements, from the viewpoint of the protection of workers. It was also announced that Korea is to introduce a system in August 2004 that will permit acceptance of foreign workers into medium and small companies in those cases where their offer of employment to Korean nationals is not met within one month of its announcement in public employment security offices.

Ms Martine Durand, Deputy Director, Directorate for Employment, Labour and Social Affairs, OECD, chaired the latter half of General Session 2, in which the discussion was focused on policies: measures adopted for the creation of employment; actions being taken for the human resources development for workers; and methods to deal with structural problems of the labour market. It was reported that the Vietnamese are finding it difficult to compete against the huge market of China in their efforts toward inviting direct investment from other countries. There was also a report on measures for encouraging Vietnamese people living overseas to return and start companies in their home country. For Thailand, early retirement plans that encourage aged employees to retire early, and job-training programmes for young people were presented. The Chair pointed out that advanced countries have learned that policies intended to allow young people enter the labour market in place of aged people have failed, and emphasized the need for policies to provide workplaces for both the aged and the young.

4. General Conclusions

The workshop this year highlighted the differences in international migration between and among regions, but there remained important similarities. It has been pointed out that people in all regions and countries migrate because of income disparities; that a global labour market has been established mainly for highly skilled workers, while the market is not yet open for the unskilled; that it is necessary to continue to promote faster economic development and job creation in sending countries; and that a rights-based and effective governance of migration is an important issue in all regions.

This year, the workshop marked its 10^{th} anniversary. During the last ten years, the workshop has been successful in promoting bilateral as well as multilateral dialogue, through exchange of information, knowledge and experience. However, in the future, an expansion in the number of participants should be considered, to include not only countries but also corporations. Furthermore, effective communication between researchers and policy makers is essential, in order to make good use of the results of the current monitoring of migration and the labour market in Asia.

PROGRAM

【First Day (5th February,2004)】

9:30 10:00	Opening Address	30	① Prof. Akira Ono(President, JILPT) ② Mr. Isao Aoki(Director-General, Employment Security Bureau, MHLW) ③ Ms. Berglind Asgeirsdottir(Deputy Secretary-General, OECD) ④ Mr. Manolo Abella (Chief, International Migration Branch, ILO)
10:00 12:00	Special Session <First Session>	120	Key-note Speeches "Regional Patterns of International Migration – Present and Future–" ①USA : Prof. Philip Martin(Professor, University of California, Davis) ②Europe : Mr. Jean-Pierre Garson(Head, Division for Non-Member Economies and International Migration,OECD) ③Asia : Prof. Yasushi Iguchi(Kwansei Gakuin University) ④Australia : Prof. Graeme John Hugo (Adelaide University)
13:30 15:30	Special Session <Second Session> (Panel Discussion Part 1)	120	Panel Discussion(Core Session) ○Co-ordinater Mr. Tomoaki Katsuda (Director, Foreign Workers' Affairs Division, MHLW) ○ Panellists ①Mr. Manolo Abella(ILO) ②Ms. Rosalinda D. Baldoz (Administrator, Philippine Overseas Employment Administration) ③Mr. Hiroaki Watanabe(Assistant Senior Researcher, JILPT) ④Prof. Ronald Skeldon(University of Sussex)
			Break (15 min.)
15:45 18:00	Special Session <Second session> (Panel Discussion: Part 2)	135	Panel Discussion(Open Session) 15:45-16:45 Open to Specialists, Officers 17:00-18:00 Open to the all Participants
19:00	Reception		

【Second Day (6th February, 2004)】

9:00 10:45	General Session <First Session> (Cross National Discussion)	105	Discussion by themes(A) "Economic Development Labor Market and International Migration" ○Co-chaired by Prof. Ryuichi Yamakawa (Professor, University of Tsukuba) Prof. Naoyuki Kameyama(Professor, Atomi University)
			Break (15 min.)
11:00 12:45	General Session <Second Session>	105	Discussion by themes(B) "Development of Migration policies" ○Co-chaired by Prof. Syouichi Ito (Professor, Kwansei Gakuin University) Ms. Martine Durand(Deputy-Director for Employment, Labour and Social Affairs, OECD)
12:50	Closing Session	40	Comments ①Mr. Jean-Pierre Garson(OECD) ②Mr. Manolo Abella(ILO) ③Prof. Yasushi Iguchi (Japan) Closing Remarks Mr. Eiji Shiraishi (Vice General Director of Research Institute, JILPT)
13:30	Close		

15:00 16:30	Field Visit	90	Tokyo Employment Service Center for Foreigners Visit & exchange of opinions

— List of Participants —

WORKSHOP ON INTERNATIONAL MIGRATION AND LABOUR MARKET IN ASES

5,6 February, 2004

The Japan Institute for Labour Policy and Training (JILPT)

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Keynote Report

REGIONAL PATTERNS OF INTERNATIONAL MIGRATION: NORTH AMERICAN PRESENT AND FUTURE

By

Philip Martin
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Regional Patterns of International Migration:
North American Present and Future

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January 9, 2004

Executive Summary

The North American migration system includes some of the world's major sources and destinations of migrants. Canada and the US, for example, include about 5 percent of the world's population and accept about half of the world's 2.5 million anticipated legal settler immigrants each year. Mexico is a major source of migrants, sending 200,000 to 300,000 legal settlers abroad and at least as many unauthorized settlers. Other Latin American countries similarly send legal settlers, legal nonimmigrant tourist and foreign workers, and unauthorized migrants abroad, so that, in many Latin American countries, over 10 percent of the persons born in the country are abroad.

Foreigners enter Canada and the US through doors labeled immigrant, nonimmigrant, or unauthorized, but many do not stay in the channel associated with their entry door. For example, over half of the immigrants "to the US" in recent years were already in the US when they got their immigrant visas; they arrived as nonimmigrant tourists or students, or arrived illegally, and later adjusted to immigrant status. The canals linking the three major entry channels have become far more complex, but the most important result is that regardless of how a foreigner arrived, he or she may be able to eventually achieve immigrant status. On the other hand, especially since the September 11, 2001 terrorist attacks, US immigration policy has adopted a one-strike-and-you-are-out policy, meaning that committing a crime in the US can lead to deportation.

The North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico went into effect on January 1, 1994, and was expected to allow increased investment and trade to substitute for Mexico-US migration. Trade increased, but so did migration—there was a migration hump or more Mexico-US migration in the 1990s as Mexicans displaced from agriculture and other previously protected sectors migrated northward, many of the women to border-area factories known as maquiladoras and many of the men to the US. Instead of deepening Nafta, the US is negotiating more bilateral and regional free trade agreements and considering proposals to legalize at least some Mexicans illegally in the US.

Migrants in the US are concentrated at the extremes of the education ladder, with more years of schooling than the average American and less. All migrants seem to find US jobs relatively easily, and those with college degrees or more usually earn as much or more than similar Americans. However, about 40 percent of the foreign-born US residents have not finished secondary schools, meaning that they have less than 12 years of education, and many are having a hard time closing the gap between their US incomes and the incomes of similar Americans.

Trade is the major relationship between Canada and the US—there is over $1 billion a day in two-way trade, and cross-border commuting, just-in-time parts deliveries in the auto industry, and increased integration in industries from agriculture and natural resources to manufacturing helped to ensure that, even after the September 11, 2001 terrorist attacks, the border did not disrupt economic ties. About 20,000 Canadians a year migrate to the US, but the fastest growth in Canada-US migration has been under Nafta's Chapter 16, which permits Canadian and Mexican professionals in 60+ occupations to accept US job offers and stay in the US indefinitely. The number of Canadian entries tripled between the mid-1990s and 2002 to 70,000 a year, while the number of Mexican entries has remained below 2,500 a year.

Migration remains the most important relationship with Mexico and most other Latin American countries, which is one reason why Mexican President Vincente Fox made a new migration agreement his number one foreign policy priority after being elected in 2000. There was discussion of a "whole enchilada" migration agreement in 2001 that would include exempting Mexico from immigration quotas, cooperation to reduce deaths of migrants trying to enter the US, a new guest worker program and legalization for irregular Mexicans in the US. Discussion of what to do about especially unauthorized migrants was renewed in the US in January 2004, but it is not clear if the outcome of these negotiations will be legalizing irregular migrants, turning them into guest workers, giving them a temporary status that can later be converted to immigrant status, or some combination of these options.

The US is pursuing additional bilateral and regional trade agreements. The agreements with Chile and Singapore included Nafta-type provisions that allow the entry of professionals to accept US jobs; the Central American Free Trade Agreement and the Free Trade Agreement of the Americas do not have such migration provisions. There is hope that increased trade and investment can be a substitute for irregular migration, but the experience under Nafta shows that migration is likely to first increase with economic integration before hopefully decreasing.

Introduction

The North American migration system includes some of the world's major emigration and immigration destinations, defined in volume terms (migration between Mexico and the US averaged 2,300,000 legal immigrants a year in the 1990s, plus 300,000 unauthorized settlers) or in per capita terms (between 10 and 20 percent of persons born in the Dominican Republic and El Salvador have emigrated; Canada aims to increase its population by one percent a year via immigration).

Migration has demographic and economic impacts in both sending and receiving areas. Canada and the US have some of the fastest growing populations among industrial countries, and especially in the US the normal route to immigrant status is to enter in another status, such as student, tourist, or unauthorized foreigner, and later adjust to immigrant status—over half of US immigrants in recent years were in the US and adjusted their status. Many Latin American countries are very dependent on remittances from migrants abroad, including Mexico, which received about $12 billion in 2003. Finally, there is growing migration within the region, as from Nicaragua to Costa Rica, Haiti to Dominican Republic, and Guatemala to Mexico.

Canada

Canada has relatively high levels of immigration, generous social welfare programs, and significant public satisfaction with its immigration policies, which many analysts attribute to the fact that Canada does not border on a major emigration country, has very flexible policies, and admits most immigrants under a point system designed to ensure that they are an economic asset to Canada. Canada, with 32 million residents, would like more immigrants: Prime Minister Jean Chretien in July 2002 said that Canada's "population is not growing as fast as it should. And it's why we have a very open immigration policy. We're working to reform it because we don't achieve as many immigrants as we would like to have in the Canadian economy."

Canada admitted 229,000 immigrants in 2002, above its of 200,000 to 225,000 target but close to the average annual intake during the 1990s, which was 221,500. Canada has three major avenues of entry for legal immigrants:

• economic or independent skilled workers and business investors,
• family unification,
•refugees,

The leading immigrant countries of origin are China, India, and Pakistan and the Philippines.

A quarter of Canadian immigrants are selected under a system that awards points for, inter alia, years of education, knowledge of English or French, and whether the applicant has been offered a job in Canada. The point system assesses foreigners wishing to immigrate for economic reasons against nine criteria on which an applicant can score a maximum 107 points, and must score at least 70 points to qualify for an immigrant visa (75 points after March 2003).[1] Some 59,000 immigrants, a quarter of the total, were admitted under the point system in 2002; another 80,000 spouses and dependents received immigrant visas because the family principal got an immigration visa, and then got immigrant visas for family members.

The purpose of the point system is to attract immigrants most likely to be successful, and by some measures, it is working. In 2002, almost half of 178,000 principal immigrants and their dependents 15 and older had post-secondary (terteriary) schooling, such as college or advanced degrees and over half spoke English or French.[2]

Table 1. Canadian Immigration, 2002

Category	Number	Distribution
Family	65,277	28%
Economic-Principals	58,906	26%
Dependents-Econ	79,600	35%
Refugees	25,111	11%
Other	164	
Total	229,058	100%

Source: www.cic.gc.ca/english/monitor/issue03/02-immigrants.html (January 7, 2004)

Canada has in recent years received more nonimmigrants than immigrants--264,000 arrived in 2002, including 88,000 foreign workers, 69,000 foreign students, 32,000 humanitarian admissions (asylum applicants), and 76,000 other nonimmigrants. During the 1990s, the number of foreign workers averaged about 76,000, the number of foreign students more than doubled, and the number of asylum seekers fell.

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[1] For example, language skills (knowing English and/or French) can earn an applicant a maximum 15 points and education beyond a BA can earn a potential immigrant up to 16 points. The educational training factor (ETF) is worth up to 18 points—it reflects the level of education and training required for an applicant's occupation-- and up to 10 points are awarded to applicants between the ages of 21 and 44.

[2] In 2002, of 229,000 immigrants, 43 percent spoke English, 5 percent French, and 6 percent both English and French. CIC. 2002. **Facts and Figures: Immigration. www.cic.gc.ca/english/pub/index-2.html#statistics**

Table 2-1. Canada Immigrant and Nonimmigrant Admissions, 1990-2002

	Immigrants	Nonimmigrants	For Workers	For Students	Humanitarian	Other
1990	216,396	224,767	85,381	30,677	42,849	65,860
1991	232,744	203,275	77,858	30,700	33,263	61,454
1992	254,817	190,336	70,489	29,420	37,066	53,361
1993	256,741	165,365	65,433	28,189	21,398	50,345
1994	224,364	166,429	67,549	28,059	21,510	49,311
1995	212,859	179,768	69,617	32,648	25,582	51,921
1996	226,039	187,648	71,390	40,092	25,504	50,662
1997	216,014	195,226	75,452	42,697	24,367	52,710
1998	174,159	199,375	79,788	41,280	24,995	53,312
1999	189,922	234,326	85,932	51,629	37,944	58,821
2000	227,346	263,335	94,893	62,984	37,143	68,315
2001	250,484	284,045	95,555	73,607	43,418	71,465
2002	229,091	263,935	87,910	68,820	31,500	75,705
Ave 1991-2000	221,501	198,508	75,840	38,770	28,877	55,021

Source: www.cic.gc.ca/english/monitor/issue03/02-immigrants.html (January 7, 2004)

Canada has traditionally had few unauthorized foreigners because it has no land borders with emigration countries. However, the Greater Toronto Home Builders Association says that many unauthorized foreigners are employed in construction, and that "If we didn't have them, we wouldn't be able to build houses." There are an estimated 100,000 to 200,000 unauthorized foreigners in Canada, including 75,000 in the Ontario construction industry, 36,000 failed asylum applicants who have not been removed, and eight percent overstays among the 800,000 foreigners issued work, student and visitor visas in 2002.

United States

The US accepts four major types of immigrants: family, employment, refugees and diversity, and the number admitted each year is partially fixed by quota and partially not regulated by quotas. Immigration averaged about 935,000 a year in the past 12 years. The 1.8 million immigrants in 1991 reflected legalization in 1987-88, and rising numbers in recent years reflect more immigrants becoming naturalized US citizens and sponsoring their immediate family members. Most types of family, employment, refugee and diversity visas are regulated by quota, but there is no limit on the number of immediate relatives of US citizens who can be admitted.

Table 2-2 Immigration to the US, 1991-2002

	Admissions
1991	1,827,167
1992	973,977
1993	904,292
1994	804,416
1995	720,461
1996	915,900
1997	798,378
1998	654,451
1999	646,568
2000	849,807
2001	1,064,318
2002	1,063,732
Average	935,289

Source: Immigration Yearbook,
http://uscis.gov/graphics/shared/aboutus/statistics/ybpage.htm

Family immigrants have US citizen or legal immigrant relative relatives in the US who petition for the admission of relatives still abroad--about two thirds of US immigrants enter under family preferences. One-sixth of US immigrants (including their family members) are admitted because they have extraordinary ability or because US employers sponsored their admission, which means the US employer proved to the satisfaction of the US Department of Labor that US workers were not available to fill the job for which the employer is seeking an immigrant. The third group is refugees and asylees and the fourth group includes diversity[3] and other immigrants.

Immigration is sometimes referred to as the front-door to the US, which makes nonimmigrant admissions the side door and illegal immigration the back door. Nonimmigrants are foreigners who come to the United States to visit, work, or study. The number of nonimmigrants tripled in the past 20 years, primarily because of the growing number of tourists and business visitors, but there has also been significant growth in admissions of temporary foreign workers --some 1.1 million were admitted in FY2002 (the same individual could be counted several times in admission data). One-third of the temporary foreign worker admission were for foreign professionals with H-1B visas--about half are from India, and over half work in IT-related fields while they stay in the US up to six years. The next largest group of foreign workers are intra-company transfers with L-1 visas, foreigners transferred to the US branch of a multinational enterprise, and the their largest group are Nafta professionals--most are from Canada.

[3] Diversity immigrants are persons who applied for a US immigrant visa in a lottery open to those from countries that sent fewer than 50,000 immigrants to the US in the previous five years.

Table 3. Persons Entering the US, Fiscal Year 2002

Category	FY2001	FY2002
Immigrants	1,064,318	1,063,732
Immediate relatives of US Citizens	443,035	485,960
Other family-sponsored immigrants	232,143	187,069
Employment-based	179,195	174,968
Refugees and Aslyees	108,506	126,084
Diversity immigrants	42,015	42,829
Other Immigrants	59,424	46,822
Estimated Emigration	220,000	220,000
Nonimmigrants	32,824,088	27,907,139
Visitors for Pleasure/Business	29,419,601	24,344,216
Foreign Students	688,970	637,954
Temporary Foreign Workers	990,708	1,123,914
Illegal Immigration		
Apprehensions	1,387,486	1,062,279
Deportations	177,452	148,619
Estimated illegal population (2000)	7,000,000	7,000,000
Additional illegal settlers per year (1990-2000)	350,000	350,000

Source: 2002 Yearbook of Immigration Statistics.
www.ins.usdoj.gov/graphics/aboutins/statistics/2000ExecSumm.pdf
Nonimmigrant and apprehension data can double-count the same individual
Temporary foreign workers (2002) include 370,500 H-1B admissions,
314,700 L-1 intra-company transfers, and 73,700 Nafta professionals
Estimated illegal population if for 2000

A second important category of nonimmigrants is that of foreign students. Some 637,954 foreigners with student visas entered the United States in FY2002. Foreign students became more controversial after the September 11, 2001 because some of the terrorists entered the US with student visas. In many cases, foreigners coming to the US to study plan to and do remain in the US, finding employers via internships and jobs arranged by the universities and colleges where they study.

The back door refers to unauthorized, illegal, or irregular migrants. No one knows exactly how many unauthorized foreigners are in the United States: some 1.1 million were apprehended in FY2002, and 95 percent were Mexicans caught just inside the US border. US government estimates of unauthorized foreigners have been increased several times in the 1990s, and the best independent estimates of the number of unauthorized foreigners are over 20 percent higher than the government estimates in Table 3, and suggest that the rate of growth is twice as fast as government estimates suggest.

Table 4. Unauthorized Foreigners in the US: 1980-2000

Year	Millions	Annual Average Change
1980	3	
1986	4	167,000
1989	2.5	-500,000
1992	3.9	467,000
1995	5	367,000
2000	8.5	700,000

Source: Jeff Passel, Urban Institute

About 2.7 million unauthorized foreigners were legalized in 1987-88

In the mid-1990s, the INS changed its border enforcement strategy, adding agents, fences, lights, and cameras in the urban areas to deter illegal entry attempts. Apprehensions fell in urban areas, but many migrants turned to smugglers, who brought them into the US via the deserts and mountains of Arizona. The smugglers, known as *polleros* or *coyotes*, who lead migrants in groups of 20 to 40, but sometimes fail to provide water or make transportation arrangements, so that an average of one migrant a day has been dying for the past several years attempting illegal entry.

If unauthorized foreigners are found inside the US, they are removed in one of two ways: voluntary return and formal removal or deportation. Mexicans inside the US may choose to be returned "voluntarily" to Mexico, which means they are fingerprinted, photographed and taken to the border by bus, but are not usually prosecuted if they are apprehended again in the US. Formal removal or deportation, on the other hand, means that an immigration judge has ordered deportation, and deported foreigners can be prosecuted if they re-enter the US. In 2002, some 149,000 foreigners were removed formally from the US; 80 percent of those removed were Mexicans.

Latin America

Most Latin American countries are net emigration areas: they send more people abroad than they receive as immigrants. Mexico is the major emigration country in Latin America. Mexico-US migration began with the recruitment of rural Mexicans to work on US farms during World War I and II. In both cases, the recruitment continued after the war ended, and Mexicans and US employers developed a mutual dependence that encouraged the migration to continue illegally after government-approved recruitment stopped. Thus, it is not surprising that most Mexican immigrants were previously unauthorized foreigners in the US, and that almost half of the nine million Mexicans in the US in 2000 were believed to be unauthorized.

Mexico during the 1990s took steps to reduce future emigration and to protect its citizens in the US. In 1994, the North American Free Trade Agreement went into effect, lowering trade and investment barriers between Canada, Mexico, and the US. One hoped for side effect of NAFTA is faster economic and job growth in Mexico, and thus less economically motivated migration. Mexican President Salinas, in urging the US to negotiate NAFTA, said: " We want to export goods, not people."[4] Mexican economic and job growth in the 1990s was very uneven, but NAFTA encouraged rapid expansion of border-area maquiladoras, foreign-owned plants that hire Mexican workers to assemble components into televisions and cars that are exported to the US.

Mexican President Vicente Fox, elected in 2000, made protecting Mexicans in the US one of his major priorities. Fox called Mexicans in the US “heroes” for the $1 billion a month they send to Mexico in remittances, and Presidents Bush and Fox established a working group to develop creating "an orderly framework for migration that ensures humane treatment [and] legal security, and dignifies labor conditions."

The seven countries of Central America, with 36 million residents, were not major sources of immigrants to the US before the 1980s—over 90 percent of Central American immigrants arrived since 1980. El Salvador (6 million population), Guatemala (13 million), Honduras (6 million), and Nicaragua (5 million) were wracked by civil wars in the 1980s, and many residents fled to neighboring countries as well as the US. US foreign policy concerns influenced decisions on whether to grant Central Americans asylum, so that asylum was granted to Nicaraguans (the US supported the rebels) but not to Salvadorans (the US was supporting the government). Lawsuits kept most Central Americans denied asylum in the US, and legislation eventually allowed many to become immigrants.

Natural disasters have repeated the pattern of Central Americans in the US receiving temporary protected status (TPS) that allowed them to stay for years. In October-November 1998, Hurricane Mitch caused massive destruction in Honduras and Nicaragua. The US gave TPS to Hondurans and Nicaraguans so they could send home remittances to help rebuilding. In 2001, after earthquakes in El Salvador, TPS was granted to Salvadorans for the same reason.

The 15 independent Caribbean nations, plus several dependencies, have some of the highest emigration rates in the world.[5] Cuba, Dominican Republic, Haiti and Jamaica include about 75 percent of the 36 million Caribbean residents, and their major destination is the US, although some Caribbean migrants move to former colonial powers in Europe and to Canada. There are 900,000 Cuban immigrants in the US, meaning that almost 10 percent of persons born in Cuba are in the US. Most Cuban immigrants settled in southern Florida, where they have been extraordinarily successful in business in politics, helping to turn Miami into a gateway to the Americas in business and finance.

Cubans migrated to the US in three major waves: after Castro came to power in 1959, during the Mariel boat lift in 1980, and during the summer of 1994. The 1994 influx was stopped by an agreement guarantees 20,000 immigrant visas a year to Cubans, but

[4] Quoted in President Bush’s letter to Congress, May 1, 1991, p. 17

[5] During the 1960s and 1970s, many former Caribbean colonies became independent countries. Since 1983, most islands have voted against independence, including Puerto Rico in 1998.

continues the wet-foot, dry-foot policy—Cubans who reach US soil are allowed to stay as immigrants, but those intercepted at sea are returned to Cuba.[6] Private boats regularly bring Cubans to Florida, and six-year old Elian Gonzalez was aboard one of these boats when it sank on Thanksgiving Day, 1999. Two fishermen brought Elian to Florida, and after he was turned over to his Miami relatives, they refused to give him to his father, who wanted to take Elian back to Cuba. After five months, the INS took Elian from his Miami relatives, and his father took him back to Cuba.[7]

Over 800,000 Dominicans have immigrated to the US, most since 1985; most settled in New York City. According to a 1997 poll, half of the residents of the Dominican Republic have relatives in the US, and two-thirds would move to the US if they could. Some 570,000 Jamaicans have emigrated to the US in one of the oldest migrations from the Caribbean. Jamaicans were recruited to work in US agriculture beginning in 1943, and 10,000 to 12,000 a year arrived to cut sugar cane in Florida and pick apples on the East Coast until the mid-1990s.

Some 375,000 Haitians have migrated to the US, including one-third who arrived in the 1990s. Beginning in the late 1970s, Haitians began to make the 720-mile trip by boat to Florida, and 25,000 Haitians arrived in summer 1980. In 1991, the elected president of Haiti, Jean-Bertrand Aristide, was overthrown by the military, and Haitians began leaving for the US in boats. The US restored Aristide to power in 1994, but Haitians continue to head for the US, often via the Bahamas. There are also an estimated 500,000 Haitian migrants in the neighboring Dominican Republic.

Puerto Ricans have been US citizens since 1917, and in 1998 there were about 2.7 million residents of Puerto Rican origin on the US mainland, and 3.8 million in Puerto Rico. Migration between the island and the mainland responds to changing economic conditions, especially in New York and Chicago, where most Puerto Ricans on the mainland live. Higher wages and lower unemployment on the mainland encouraged emigration until the mid-1970s, when minimum wages in Puerto Rico were raised, and job creation was induced by special tax breaks. As the US welfare system expanded, the combination of a narrowing wage gap in the 1980s and 1990s as well as the availability of Food Stamps and other assistance reduced net migration to practically zero.[8]

Legal and Policy Framework

Immigration Policies

The US legal and immigration policy frame work is complex; it is said that the immigration system is second only to the tax system in complexity. Canadian and US immigration policy went through three broad phases: laissez-faire, qualitative restrictions, and quantitative restrictions, with immigration policies mirroring each other. For example, the US barred Chinese immigrants in 1882, and Canada took steps to limit

[6] Established under the Cuban Adjustment Act of 1966.

[7] Elian Returns to Cuba. Migration News. July 2000. Vol 7. No. 7 http://migration.ucdavis.edu

[8] In 1996, about 40 percent of Puerto Rico families received some form of federal welfare assistance.

Chinese immigrants in 1885. Immigration to Canada peaked between 1895 and 1913—some 2.5 million immigrants arrived in a country that had a 1913 population of 7 million, including 400,870 in 1913—the same period in which immigration to the US peaked. Canada's "white only" immigration policy, which favored entries from Europe and the US-- ended in 1962; the US abandoned its national origins quotas that favored northern and Western Europe in 1965.

During the laissez-faire immigration policy period, federal, state, and local governments, private employers, shipping companies and railroads, and churches were free to promote immigration to the United States, and some government policies encouraged immigration. Subsidizing railroad construction, for example, led to the recruitment of immigrant workers by private railroad companies, while high tariffs kept out European goods and thus created a demand for more workers in American factories. No fees or admissions tests were imposed on immigrants, but after 1819, the federal government required ship captains to collect and report data on the immigrants they brought to the US.

The fear of foreigners in the 1870s led to the imposition of qualitative restrictions aimed at barring certain types of immigrants, including convicts and prostitutes in 1875 and Chinese nationals in 1882. After 1917, immigrants over age 16 had to know how to read in one language. Finally, in 1921, the US imposed quantitative restrictions on the annual number of immigrants allowed each year, and limited the number from each country to a percentage of those from that country already in the US, the so-called national origins formula.

In 1965, the current US immigration policy framework was adopted, maintaining ceilings or quotas on how many foreigners could arrive each year, but replacing the national origins preferences with a preference system that favored the admission of immigrants who already had relatives in the US and who had US employers who wanted to hire them. The result was a change in the origins of immigrants from Europe to Latin America and Asia. Illegal migration from Mexico increased in the 1980s, prompting enactment of the Immigration Reform and Control Act of 1986, which introduced sanctions or fines on US employers who knowingly hired new workers without verifying their right to work in the US. IRCA also included several legalization programs that made 2.7 million foreigners legal immigrants.

The Immigration Act of 1990 raised the annual ceiling on immigration from 270,000, plus immediate relatives of U.S. citizens, to 675,000 including relatives, plus refugees, and more than doubled the number of immigrant visas available for foreigners sponsored by US employers, to 140,000 a year (including the family members of the workers sponsored). In 1996, the US enacted several laws, including the Anti-Terrorism and Effective Death Penalty Act, the Personal Responsibility and Work Opportunity Reconciliation Act, and the Illegal Immigration Reform and Immigrant Responsibility Act, which made it easier to remove foreigners who committed crimes in the US, which made newly arriving legal immigrants ineligible for social assistance or welfare benefits, and which called for a doubling of the Border Patrol to 10,000 agents.

As a result of these 1996 laws, the major agency charged with preventing illegal immigration and providing services to immigrants became one of the fastest growing in the US government. However, the Immigration and Naturalization Service came under fire, and there were many proposals to break up the INS into 2 or more agencies before the September 11, 2001 terrorism. The Uniting and Strengthening America Act by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 gave the government new powers to detain foreigners, and the INS was moved into a new Cabinet agency, the Department of Homeland Security; within the DHS, enforcement is separated from services.

Despite terrorism, the US remains a nation of immigrants, with US presidents frequently invoking the motto "e pluribus unum," (from many one) to remind Americans that they share the experience of themselves or their forebearers leaving another country to begin anew in the US.[9] Immigration thus permits immigrants to better themselves as it strengthens the US, and most Americans agree with the conclusion of the recent Commission on Immigration Reform that: “a properly regulated system of legal immigration is in the national interest of the United States.”

Foreign-born Population

The US foreign-born population[10] reached an all-time high of 32.4 million in the March 2002 Current Population Survey, 11.3 percent of US residents. Most foreign-born residents arrived recently; 64 percent of the 2002 foreign-born residents arrived since 1990. California had 9.1 foreign-born residents in 2002, 28 percent of the total, followed by New York with 4 million and Florida and Texas, 3 million each—the Big 4 states had 59 percent of America’s foreign-born. Some 29.8 percent of the foreign-born residents in 2002 were born in Mexico, followed by China, 4.5 percent,[11] the Philippines, 4.4 percent, and India, 4 percent. About 55 percent were born in Latin America, 26 percent were born in Asia and the Middle East, and 14 percent were born in Europe.

Foreign-born residents 18 and older are more likely than the US-born to be in the US work force, but they are younger, less educated, and have lower annual earnings. The average age of a US-born worker who worked a full-time schedule at least part of 2001 was 41, and median earnings were $31,200, while for the foreign-born residents, the average age was 39 and median earnings were $24,000. The sharpest contrast is with foreign-born residents who arrived since 1990: their average age was 32 and median earnings $20,000. These low earnings reflect the fact that 35 percent of these recent arrivals were not high

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[9] The exceptions are Native Americans, slaves, and those who became US citizens by purchase or conquest, such as French nationals who became Americans with the Louisiana Purchase, Mexicans who became Americans with the settlement ending the Mexican War, and Puerto Ricans who became US citizens as a result of the American victory over Spain in 1898.

[10] Americans often refer to all foreign-born residents as immigrants, but not all of them are that. Between 1 and 2 percent are nonimmigrants, such as foreign students and guest workers. Another 9 million are unauthorized foreigners, which means that only about 62 percent of the foreign-born residents are immigrants

[11] Includes those born in Taiwan and Hong Kong.

school graduates.[12] By contrast, fewer than 8 percent of US –born residents had not finished high school.

Foreign-born residents were 14 percent of the US labor force, double their share of the US labor force in 1980, but below the over 20 percent foreign born share of the labor force early in the 20th century. Today, foreign-born workers are 44 percent of private household workers, 42 percent of those with non-managerial farming occupations, and 20 percent of operators, fabricators and laborers.

Table 5. Foreign-born Population and Labor Force, 1850-2002

	Foreign-born Population	Per-US Pop	Foreign-born Labor Force	Per-US LF
1850	2.2	9.7		
1860	4.1	13.2		
1870	5.6	14	2.7	21.6
1880	6.7	13.3	3.5	20.1
1890	9.2	14.6	5.1	26.1
1900	10.3	13.6	5.8	23
1910	13.5	14.7	7.8	24
1920	13.9	13.2	7.7	21.2
1930	14.2	11.6	7.4	17.4
1940	11.5	8.8	5.8	12.3
1950	10.3	6.9	4.8	9.2
1960	9.7	5.4	4.2	6.3
1970	9.6	4.7	4.2	5.1
1980	14.1	6.2	7.1	6.7
1990	19.8	7.9	11.6	9.3
2000	31.1	11.1	18.5	13.1
2002	32.5	11.5	20.3	14.1

Source: Roger Kramer, Developments in International Migration, 2003

About 16 percent of foreign-born residents, and 11 percent of US-born residents, had incomes below the poverty line in 2002. By country of origin, about 26 percent of those born in the Dominican Republic were poor, as were 20 percent of those born in Mexico and Pakistan, and 20 percent of those born in Cuba and Honduras. About 24 percent of households headed by foreign-born residents obtained a means-tested federal benefit in 2001, versus 16 percent of households headed by a US-born resident—the most common benefit used by both groups was Medicaid. Country of origin data for welfare use track poverty data—59 percent of households headed by a person born in the Dominican Republic obtained a means-tested federal benefit in 2001, 36 percent of those headed by a person born in Mexico, 35 percent of those headed by a person born in Cuba, and 33 percent of those headed by a person born in Haiti.

[12] This paragraph based on Camarota, Steven. 2002. Immigrants in the US—2002. Center for Immigration Studies. November.

Foreign-born residents are in their prime childbearing years, so the percentage of births to foreign-born women is higher than their share of US residents. In 2001, 22 percent of the 4 million total births were to women who were born outside the US, and 63 percent of the Hispanic births were to mothers born outside the US.[13] After five years of US residence, legal immigrants may file petitions to become naturalized US citizens.

Table 6. Naturalization Petitions filed, FY96-03

Fiscal year	Naturalization applications
1996	1,277,000
1997	1,413,000
1998	933,000
1999	765,000
2000	461,000
2001	502,000
2002	701,000
2003	524,000

Source: Yearbook of Immigration Statistics

NAFTA

In 1800, Mexico and the US had populations of roughly equal size, six million, and Mexico's GDP per capita was about half that of the US. There was relatively little Mexico-US migration until the US began to recruit Mexican workers, between 1917 and 1921 and again between 1942 and 1964. Illegal Mexico-US migration surged in the early 1980s, leading to IRCA's grand bargain of employer sanctions and legalization—the legalization succeeded and the sanctions failed-- and Mexico-US migration surged again in the 1990s, largely because the availability of false documents made it hard to enforce sanctions.

Mexico changed its economic policies from import-substitution to export-led in the mid-1980s, a US-Canada Free Trade Agreement went into effect with little fanfare in 1989, and Mexico proposed a North American Free Trade Agreement (Nafta) in the early 1990s as a way to solve the country's debt crisis and restore economic and job growth.[14] US unions bitterly opposed Nafta, and 1992 presidential candidate Ross Perot asserted that there would be a "giant sucking sound" as US jobs went to Mexico.

However, President Clinton won bipartisan support for Nafta as the best way to assure long-term economic growth in Mexico that would reduce Mexico-US migration by generating prosperity "from the Yukon to the Yucatan.". US Secretary of State Warren Christopher in November 1993, in arguing for Nafta, said: "As Mexico's economy

[13] National Vital Statistics Report, Vo1 51, No 2, December 18, 2002, p 45

[14] Mexico had borrowed heavily in the early 1980s in the expectation that oil prices would remain high, and when oil prices fell in the 1980s, Mexico had both a recession and debts.

prospers [under Nafta], higher wages and greater opportunity will reduce the pressure for illegal migration to the United States."

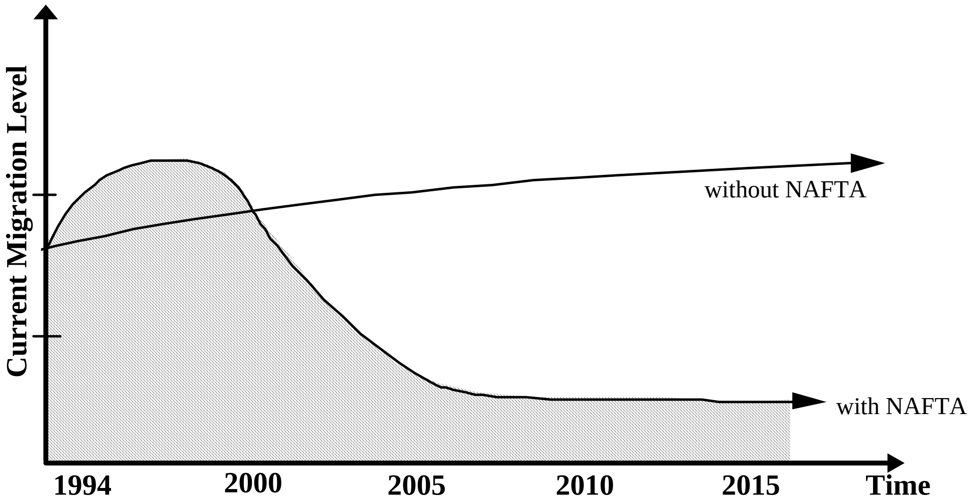
Nafta went into effect on January 1, 1994, and some Americans thought that Mexico-US migration would quickly stop. Instead, it continued, and included so-called banzai runs, in which groups of 50 to 80 migrants ran into the US against traffic on major freeways at the border, leading to a backlash that included voter approval of Proposition 187 in 1994. In 1995, Mexico suffered its worst-ever recession, losing about 10 percent of formal sector jobs. Mexico recovered from the crisis, and formal Mexican employment peaked in 2000, as employment in maquiladoras, which expanded under Nafta, reached 1.3 million, or 10 percent of formal sector jobs. However, wages fell sharply in the mid-1990s in dollar terms, and Mexico-US migration rose in the late 1990s, producing a migration hump, more migration with economic integration.

A major reason for the Mexico-US migration hump was that 35 percent of Mexicans lived in rural areas and were dependent on agriculture for most of their earnings in the early 1990s. These farmers had little education, received subsidized water and other inputs to produce corn on land they could farm but not sell, and received a price for their corn from the government that was twice the world price, helping to anchor them to the land.[15] The US produces far more corn, and at about half the price paid by the Mexican government to Mexican farmers, so that freer trade in corn was expected to displace millions of rural corn farmers.

Nafta was expected to encourage Mexican corn farmers to become fruit and vegetable growers. Most could not because they lacked irrigation, knowledge of how to farm fresh fruits and vegetables, and they had limited access to credits and export markets. Instead of turning corn farmers into fruit and vegetable exporters, Nafta accelerated rural-urban migration, some of which spilled over Mexican borders into the US, in part because the late 1990s economic boom in the US made jobs readily available.

[15] Rural Mexico is dominated by ejidos, the communal farms that include 103 million hectares, or 56 percent of the arable land and 70 percent of the forests. In order to ensure that peasants had land, until the early 1990's,ejido land could not be sold, which limited productivity-increasing investments. The 29,162 ejidos became synonymous with rural poverty, and in 1992 the constitution was amended to allow the sale or rental of ejido land.

Figure 1. The Mexico-U.S. Migration Hump



Trade between the US and its Nafta partners increased sharply between 1993 and 2001—US exports to Canada went from $107 billion to $145 billion, and US exports to Mexico rose from $47 billion to $91 billion. US imports rose even faster: from Canada, from $129 billion to $217 billion, and from Mexico imports rose from $45 billion to $131 billion. However, despite this increased trade, Mexico's per capita economic growth was one percent a year between 1994 and 2003, versus 7 percent in China.

There have been many evaluations of the first 10 years of Nafta, with most concluding that Mexico is better off because of Nafta, but that the 1995 recession and a lack of Mexican reforms prevented Mexico from achieving all Nafta's promises. The World Bank, in a major assessment, estimated that Mexico's per capita income, which was $5,900 in 2002; would have been $5,600 without Nafta, or five percent lower.

Many of the evaluations of Nafta's first decade concluded that trade-led growth was not sufficient to bring prosperity to Mexico: real wages in Mexico were lower in 2001 than in 1994, income inequality is greater, poverty remains widespread: half of the 104 million Mexicans are considered poor, including 42 million who have less than $2 a day (the daily minimum wage is about $4 a day). One report concluded: "It takes more than just trade liberalization to improve the quality of life for poor people around the world."

Nafta speeded up changes in Mexico, creating jobs in services and manufacturing, especially in the northern states that border the US, and raising the demand for and wages of skilled workers. However, Mexico has relatively high labor costs for unskilled workers, and many assembly-line manufacturing jobs have moved to China. Mexico's period as a subcontractor for the US proved to be short-lived, roughly from the mid-1990s to 2001. Further south, Nafta's tariff reductions combined with other Mexican policies to speed the displacement of labor from agriculture, but there was little job creation and wage growth for less skilled workers, including those leaving the farm. The best estimate is that the number of unauthorized Mexicans in the US rose from two million in 1990 to 4.8 million in 2000.

Instead of deepening Nafta, the three Nafta partners have been signing bilateral free trade agreements. Since 1994, the United States, Mexico and Canada have signed bilateral free-trade agreements with more than 40 nations, and they are in negotiations or informal talks with about 50 more agreements.

Economic and Social Impacts

Most immigrants arrive for higher wages and more opportunities, and their work has significant effects on the economy and labor market. In 1997, the National Research Council (NRC) concluded that the economic benefits from legal and illegal immigration add $1 billion to $10 billion per year to U.S. Gross Domestic Product, largely because immigration holds down U.S. wages and thus prices, and increases the efficiency of the economy.[16] Thus, immigration is a net positive economic factor, but a very small factor in an $8 trillion economy that normally expands by $200 billion a year with 2.5 percent economic growth.[17]

The NRC report emphasized that the most important economic issues are distributional. Who benefits and who suffers from immigration? In particular, how does the presence of new arrivals affect settled immigrants and Americans similar in education and skills to the new arrivals? How quickly do immigrants climb the American job ladder? The NRC found that most of the economic benefits of immigration accrue to the immigrants themselves, to owners of capital, and to highly educated U.S. residents. The fact that highly educated U.S. residents benefit from immigration, and that immigrants, when ranked by years of education, are at the extremes of the distribution, means that immigration tends to increase inequality.

Among recent arrivals, 30 percent of the foreign-born population had an undergraduate, professional, or graduate degree in 1997, compared with 24 percent of U.S.-born Americans ages 25 and older. At the other end of the distribution, about 34 percent of the immigrants did not finish high school, versus 16 percent of the U.S.-born. Because education is the best predictor of a person’s earnings, these percentages help explain the growing inequality between foreign born and U.S.-born Americans, and within the foreign-born population.

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[16] Smith and Edmonston, *The New Americans:* 135-65.

[17] The employment rates--the percentage of immigrants versus natives of the same age and sex--of immigrants have been declining, reflecting what the NRC termed the increased difficulty that recent immigrants have finding US jobs (p5-17). For example, in 1990, 22 percent more native-born women worked than immigrant women aged 25 to 34.

Research interest and policy concern focuses on how immigrants affect those in the bottom half of the labor market. In 1986, the President's Council on Economic Advisors (CEA) summarized the labor market effects of immigrants as follows:
"Although immigrant workers increase output, their addition to the supply of labor . . . [causes] wage rates in the immediately affected market [to be] bid down. . . Thus, native-born workers who compete with immigrants for jobs may experience reduced earnings or reduced employment."[18] However, it was very hard to measure these impacts of migrant workers on US labor markets.

Econometric studies of migrant worker impacts begin with the assumption that, if immigrants depress wages or displace workers, then a higher percentage of migrants in a city's work force, the lower are wages for similar US workers or the higher are their unemployment rates. To the surprise of economists, such studies found few wage or labor market effects related to immigration, so that economist George Borjas could summarize the research literature in 1990 as follows: "modern econometrics cannot detect a single shred of evidence that immigrants have a sizable adverse impact on the earnings and employment opportunities of natives in the United States."[19]

As more data became available in the 1990s, however, researchers were able to measure some of the labor market and wage effects of immigration that economic theory predicted. The most important new evidence involved studies of migration patterns within the United States, which found that workers who must compete with immigrants were moving away from the cities that were attracting the most immigrants—presumably to avoid competing with them in the labor market. The effects of immigration on wages and unemployment in Los Angeles or Houston were thus dissipated throughout the United States in a process that demographer William Frey called "the new white flight."[20]

Econometric studies also began to acknowledge that the effects of immigration have been hard to measure because a large majority of workers in a city are not in competition for the types of unskilled jobs usually held by newly arrived immigrants. The wages of government employees are set at federal or state levels, and the earnings of many union workers are determined by national or regional collective bargaining agreements. If workers who compete with unskilled immigrants move away and the workers who do not compete remain, the effect of immigrants will not be detected in the city's labor market.[21]

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18 Council of Economic Advisors, *The Economic Effects of Immigration* (Washington, DC: Council of Economic Advisors, 1986), 213-34 quoted on p221

19 George J. Borjas, *Friends or Strangers: The Impact of Immigrants on the U.S. Economy (*New York: Basic Books, 1990): 81.

20 William H. Frey, "The New White Flight," *American Demographics* (April 1994): 40-48; and George J. Borjas, "The Economics of Immigration," *Journal of Economic Literature* XXXII (December 1994): 1667-717.

21 William H. Frey, "The New White Flight," *American Demographics* (April 1994): 40-48; and George J. Borjas, "The Economics of Immigration," *Journal of Economic Literature* XXXII (December 1994): 1667-717

How well are immigrants doing? Economic mobility or integration studies start from the fact that "immigrants on average earn less than native workers [and] this gap...has widened recently...[as] the skills [years of education] of immigrants have declined relative to those of the native-born."[22] The average educational level of immigrants has been rising, but the educational level of U.S.-born residents has risen faster, which explains the widening education gap. Because education is the best predictor of a person's earnings, the fact that the US-born residents have more years of schooling helps to explain the fact that they have higher incomes than immigrants

However, economist Barry Chiswick in the 1970s concluded that the energy and ambition of immigrants is sufficient for them to catch up to similar US workers and eventually to earn more than them. The immigrant men Chiswick studied initially earned 10 percent less than did similar U.S.-born men, but they closed the earnings gap after an average of 13 years, and earned six percent more than similar U.S.-born men after 23 years in the United States.[23]

Economist George Borjas found the opposite result, which he attributed to the time period covered by Chiswick's study: Chiswick included large numbers of highly skilled Asian immigrants who arrived after 1965 policy changes. Borjas focused on Mexican and Central American immigrant men, who in 1970 had earnings 25 percent to 40 percent lower than similar US-born men, and by 1990 this earnings gap had risen to 50 percent. Instead of catching up to Americans in earnings, Borjas concluded that immigration could expand the low-income population.[24]

Borjas and many other economists advocate reserving a higher percentage of immigration visas for foreigners who are admitted because of their special qualifications or because they were requested by US employers. An average of only 6 percent of US immigrants were issued to principals, the persons whose extraordinary abilities allow entry without any test of the US labor market and those requested by US employers after undergoing labor certification to demonstrate that US workers are not available. Only four percent of the principals, 1st preference immigrants with extraordinary ability, can be admitted without a US employer or labor certification. Outstanding professors and multinational executives require US employers but not labor certification, most of the remaining 70 percent of the foreigners require both US employers and labor certification.

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22 Smith and Edmonston, *The New Americans:* 5-33

23 The immigrant men were compared to US-born men of the same age and education. Barry Chiswick, "The Effect of Americanization on the Earnings of Foreign-Born Men," *Journal. of Political Economy*, 86 (October 1978): 897-921.

24 Between 1970 and 1990, the proportion of the U.S. male labor force who had not completed high school by age 25 fell from about 40 percent to 15 percent, while the proportion of immigrants without a high school diploma fell only from 48 percent to 37 percent. See George Borjas, "Assimilation and Changes in Cohort Quality Revisited: What Happened to Immigrant Earnings in the 1980s?" National Bureau of Economic Research Working Paper No. 4866. Cambridge, MA: National Bureau of Economic Research, September 1994.

Table 7. Employment-based Immigration, 1998-2002

	1998	2000	2002	Average	Per Dist
Principals getting visas	33,771	50,135	79,802	54,569	100%
1st preference	8,709	11,452	13,807	11,323	21%
Aliens with extraordinary ability	1,691	2,002	2,881	2,191	4%
Outstanding professors/researchers	1,835	2,667	2,737	2,413	4%
Multinational executives/managers	5,183	6,783	8,189	6,718	12%
2nd pref Professionals with advanced degrees	6,933	9,815	21,334	12,694	23%
3rd preference	15,143	24,373	41,238	26,918	49%
Skilled workers	8,515	13,651	17,788	13,318	24%
College graduates	3,927	8,771	21,679	11,459	21%
Other workers (unskilled workers)	2,701	1,951	1,771	2,141	4%
4th preference, religious	2,695	4,403	3,366	3,488	6%
5th preference, investors	259	79	52	130	0%
Principals-Per of US immigration	5%	6%	8%	6%	
Dependents of Principals	43,746	56,889	95,166	65,267	
Total US Immigration	654,451	849,807	1,063,732	855,997	

Source: Yearbook of Immigration Statistics, http://uscis.gov/graphics/shared/aboutus/statistics/ybpage.htm

Data are for calendar years; total can exceed 140,000 a year because visas can be used up to six months after being issued

Migration and Regional Integration

The major relationship between Canada and the US is a trade relationship. There is a migration relationship—an average 20,000 Canadians a year migrated to the US in the 1990s, but the $1 billion a day in two-way trade, cross-border commuting, and movement of Canadians to work in the US under Nafta's Chapter 16,[25] which created a fairly open labor market for professionals, are more important than legal or illegal migration.

The number of Canadian professionals entering the US to accept jobs with Nafta-TN visas almost tripled since 1995, from about 25,000 entries a year to 70,000 entries a year, but the number of Mexican entries remains low, generally less than 2,000 a year. To enter, a Canadian (and Mexican since January 1, 2004) shows the US inspector at the port of entry a written offer that spells out the entrant's job duties, expected length of stay, and

[25] Under US immigration law, three of the four groups of trade-related migrants under Nafta's Chapter 16 enter with other visas, e.g. business visitors use B-1 visas, treaty traders and investors use E-1 and E-2 visas, and intra-company transferees L-1 visas.

salary arrangements, and signed by the potential employer and proof of Canadian or Mexican citizenship and the requisite education, generally at least a college degree.

Table 8. US Admissions of Nafta Professionals, 1994-2002

	Canadians	Mexicans	Total
1994	25,104	16	25,120
1995	25,598	63	25,661
1996	28,237	229	28,466
1997	48,430	436	48,866
1998	60,742	785	61,527
1999	60,755	1,242	61,997
2000	89,864	2,354	92,218
2001	70,229	1,806	72,035
2002	71,082	1,732	72,814

Source: Roger Kramer, Developments in International Migration to the US, 2003
Calendar year data

Migration remains the major relationship between the US and its southern neighbors despite Nafta, which is one reason why Mexican President Vincente Fox has been pushing for a new migration agreement with the US since his election in 2000.

Conclusions

The North American migration system includes some of the world's major sources and destinations of migrants. Canada and the US, for example, include about 5 percent of the world's population and accept about half of the world's 2.5 million anticipated legal settler immigrants each year. Mexico is a major source of migrants, sending 200,000 to 300,000 legal settlers abroad and at least as many unauthorized settlers. Other Latin American countries similarly send legal settlers, legal nonimmigrant tourist and foreign workers, and unauthorized migrants abroad, so that, in many Latin American countries, over 10 percent of the persons born in the country are abroad.

Foreigners enter Canada and the US through doors labeled immigrant, nonimmigrant, or unauthorized, but many do not stay in the channel associated with their entry door. For example, over half of the immigrants "to the US" in recent years were already in the US when they got their immigrant visas; they arrived as nonimmigrant tourists or students, or arrived illegally, and later adjusted to immigrant status. The canals linking the three major entry channels have become far more complex, but the most important result is that regardless of how a foreigner arrived, he or she may be able to eventually achieve immigrant status. On the other hand, especially since the September 11, 2001 terrorist attacks, US immigration policy has adopted a one-strike-and-you-are-out policy, meaning that committing a crime in the US can lead to deportation.

The North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico went into effect on January 1, 1994, and was expected to allow increased investment and trade to substitute for Mexico-US migration. Trade increased, but so did migration—there was a migration hump or more Mexico-US migration in the 1990s as Mexicans displaced from agriculture and other previously protected sectors migrated northward, many of the women to border-area factories known as maquiladoras and many of the men to the US. Instead of deepening Nafta, the US is negotiating more bilateral and regional free trade agreements and considering proposals to legalize at least some Mexicans illegally in the US.

Migrants in the US are concentrated at the extremes of the education ladder, with more years of schooling than the average American and less. All migrants seem to find US jobs relatively easily, and those with college degrees or more usually earn as much or more than similar Americans. However, about 40 percent of the foreign-born US residents have not finished secondary schools, meaning that they have less than 12 years of education, and many are having a hard time closing the gap between their US incomes and the incomes of similar Americans.

Trade is the major relationship between Canada and the US—there is over $1 billion a day in two-way trade, and cross-border commuting, just-in-time parts deliveries in the auto industry, and increased integration in industries from agriculture and natural resources to manufacturing helped to ensure that, even after the September 11, 2001 terrorist attacks, the border did not disrupt economic ties. About 20,000 Canadians a year migrate to the US, but the fastest growth in Canada-US migration has been under Nafta's Chapter 16, which permits Canadian and Mexican professionals in 60+ occupations to accept US job offers and stay in the US indefinitely. The number of Canadian entries tripled between the mid-1990s and 2002 to 70,000 a year, while the number of Mexican entries has remained below 2,500 a year.

Migration remains the most important relationship with Mexico and most other Latin American countries, which is one reason why Mexican President Vincente Fox made a new migration agreement his number one foreign policy priority after being elected in 2000. There was discussion of a "whole enchilada" migration agreement in 2001 that would include exempting Mexico from immigration quotas, cooperation to reduce deaths of migrants trying to enter the US, a new guest worker program and legalization for irregular Mexicans in the US. Discussion of what to do about especially unauthorized migrants was renewed in the US in January 2004, but it is not clear if the outcome of these negotiations will be legalizing irregular migrants, turning them into guest workers, giving them a temporary status that can later be converted to immigrant status, or some combination of these options.

The US is pursuing additional bilateral and regional trade agreements. The agreements with Chile and Singapore included Nafta-type provisions that allow the entry of professionals to accept US jobs; the Central American Free Trade Agreement and the Free Trade Agreement of the Americas do not have such migration provisions. There is hope that increased trade and investment can be a substitute for irregular migration, but the experience under Nafta shows that migration is likely to first increase with economic integration before hopefully decreasing.

Appendix Professions covered by Nafta Chapter 16

General	**Teaching**
Accountant	College
Architect	Seminary
Computer Systems Analyst	University
Insurance Claims Adjuster	**Scientists**
Economist	Agriculturist/Agronomist
Engineer	Animal Breeder
Graphic Designer	Animal Scientist
Hotel Manager	Apiculturist
Industrial Designer	Astronomer
Interior Designer	Biochemist
Land Surveyor	Biologist
Landscape Architect	Chemist
Lawyer	Dairy Scientist
Librarian	Entomologist
Management Consultant	Epidemiologist
Mathematician/Statistician	Geneticist
Range Manager/Range Conservationalist	Geologist
Research Assistant (in college/uni)	Geochemist
Scientific Technician/Technologist	Geophysicist/Oceanographer
Social Worker	Horticulturist
Technical Publications Writer	Meteorologist
Urban Planner/Geographer	Pharmacologist
Vocational Counselor	Physicists
Medical -related	Plant Breeder
Dentist	Poultry Scientist
Dietitian	Soil Scientist
Medical Lab. Technologist	Sylviculturist (Forestry)
Dentist	Zoologist
Dietitian	
Medical Lab/Technologist	
Nutritionist	
Occupational Therapist	
Pharmacist	
Physician (teaching or research only)	
Physiotherapist/Physical Therapist	
Psychologist	
Recreational Therapist	
Registered Nurse	
Veterinarian	

Appendix IRCA Legalizations

Foreigners Legalized under IRCA, 1989-02

	Pre-1982	SAW	Total
1989	478,814		478,814
1990	823,704	56,668	880,372
1991	214,003	909,159	1,123,162
1992	46,962	116,380	163,342
1993	18,717	5,561	24,278
1994	4,436	1,586	6,022
1995	3,124	1,143	4,267
1996	3,286	1,349	4,635
1997	1,439	1,109	2,548
1998	954	1	955
1999	4	4	8
2000	413	8	421
2001	246	17	263
2002	48	7	55
Total	1,596,150	1,092,992	2,689,142
Dist	59%	41%	100%

Source: 2002 Yearbook of Immigration Statistics

Keynote Report

MIGRATION IN EUROPE : TRENDS AND PERSPECTIVES

By

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MIGRATION IN EUROPE: TRENDS AND PERSPECTIVES [1]

Introduction

1. Although Europe is considered today more as an area of immigration and of acceptance of refugees, it also contributed in the past to migration flows, notably during the 19th century and up to the end of the 1960s. Recent trends show the ageing of European populations, which has rekindled the debate on migration as a way of increasing the working population at the beginning of the 21st century. Several recent studies have shown, however, that immigration alone will not be sufficient to modify the demographic structures of those European countries most affected by population decline.

2. Current debates are also considering the possibility of increasing labour immigration in order to compensate for the deficit in pension and social security systems as well as manpower shortages. At the same time, the social cost of immigration is growing, with the prolongation of the duration of stays of migrants and increases in family reunion inflows and the arrival of refugees and asylum seekers. In addition, in certain European countries, unemployment among foreigners is at a much higher level in relation to their proportion of the working population. Furthermore, second generation immigrants encounter difficulties with insertion in the labour market. The European immigration model has changed over time and the challenges faced by European societies require structural policies which go far beyond the role migration can play in the short and medium term to alleviate the consequences of population ageing.

3. This paper provides an overview of the main migration periods in postwar Europe to the present (Part I). The second part reviews recent trends in Europe. These are defined in part by the increase in labour-related migration responding to specific occupation shortages and the continued inequalities between nationals and some foreigners in participation rates, sectoral distribution, unemployment rates and working conditions.

4. Part III examines the migration challenges in an enlarged Europe with the accession of ten candidate countries later this year (1 May 2004), which will occur within a complex labour market framework. These new member states will also play an important role in the implementation of one of the most significant events within the European Union in terms of migration: the agreement under the Treaty of Amsterdam (1 May 1999) to create a common immigration and asylum policy. Part IV focuses specifically on the continued efforts and challenges facing the European Union in the development of this policy. Although the legal framework for the harmonised policy has been developed at a cautious speed, the European Union has succeeded particularly in the area of asylum affairs and joint external border control.

[1] This paper draws on a document prepared by Jean-Pierre Garson (OECD) and Anaïs Loizillon (Consultant, OECD) and presented at a conference jointly organized by the European Commission and the OECD "The Economic and Social Aspects of Migration," Brussels 21- 22 January 2003.

I. POST-WAR MIGRATION IN EUROPE: AN OVERVIEW

5. Throughout the second half of the 20th century, European countries have experienced four main migration periods.

A. The First Period: Employment-related migration and the reconstruction of Europe (1945- 1973)

6. Immediate post-war migration was characterised by the return of ethnic citizens and other displaced persons to their country of origin. Despite these mass migration flows across all of Europe, the reconstruction of post-war Europe generated large labour shortages. In response, government authorities of those concerned countries, firms and private agencies actively recruited migrant workers. These major migration movements within Europe and from developing countries contributed to the economic development and unparalleled growth which took place in Europe between 1945 and 1975, often referred to as the "Trente Glorieuses."

7. During the "Trente Glorieuses," European countries experienced strong economic growth supported by the development of heavy industry, manufacturing, building and public works sectors. Means of production were modernised and trade flows increased. The wave of migrants from Ireland and Southern Europe (Greece, Portugal, Spain and, to a lesser extent, Italy) - all countries which faced stagnating economies and high unemployment rates - at first met the labour market needs of Western Europe. The same can be said for migrants from North Africa, Turkey, the former Yugoslavia and, in the particular case of the United Kingdom, the former Commonwealth. The Treaty of Rome, which led to the creation of the European Economic Community (EEC) in 1957, was based on several principles, one of which allowed the free movement of persons between its six founding states (Belgium, France, Germany, Italy, Luxembourg and the Netherlands). As of the late 1960s, a significant increase in intra-Community migration occurred, mostly due to the large wave of Italian workers moving to the other five member countries. Yet, even after the institutional implementation of the free movement and settlement of persons in 1968, intra-Community employment-related migration remained relatively small compared to the larger migration waves originating mostly from third countries. (See G. Tapinos, *Regional Economic Integration and its Effects on Employment and Migration* in Migration and Development: New Partnerships for Cooperation, OECD 1994).

8. During this period, numerous bilateral agreements were signed, for example, between Germany and the following countries: Italy (1955), Greece and Spain (1960), Turkey (1961), Morocco (1963), Portugal (1964), Tunisia (1965) and Yugoslavia (1968). Belgium, France, the Netherlands, Luxembourg and Switzerland also signed agreements with most of these countries. The name « *Gastarbeiter* » given in Germany to immigrant "guest" workers became somewhat of a paradigm. As such, the host country could continue to maintain its rate of economic growth and its firms could obtain cheap labour. Immigrant workers had greater employment opportunities than in their home country and were able to send remittances home to their families. After a period of work abroad, there was an expectation that migrant workers would return home with newly acquired skills. Workers usually were afforded temporary work permits and work contracts, generally renewed on an annual basis.

9. Between the early 1960s and the early 1970s (see P. Stalker, *The Work of Strangers*, 1994), more than 30 million foreign workers entered the European Economic Community. These figures include temporary workers and multiple entries. By the early 1980s, the resident foreign population in Western Europe had effectively tripled since 1950, reaching 15 million. In 2000, more than 20 million foreigners lived in the European Economic Area (EEA), accounting for 5.4% of the total population, with small variations among countries (see Chart 1).

B. The Second Period: Economic crisis and new migration adjustments (1973-1989)

10. The beginning of the second period of migration was marked by the economic crisis of the mid-1970s due to the oil price increase in 1973. Several European countries reduced or tried to reduce immigration. Although employment-related migration fell dramatically until the late 1980s, other categories of migration entries increased significantly, especially family reunification flows.

11. The 1973 oil price increase brought the end of employment-related migration. Growing unemployment and increasing social tensions prompted governments to stop active recruitment policies. In some countries, the recruitment of new workers was made more difficult for employers by increasing the costs of recruitment, limiting the categories of workers and introducing annual quotas. Governments also implemented policies with the aim of encouraging migrant workers to return to their home countries.

12. In reality, the economic downturn did not lead to a massive return of immigrants to their home country. Many immigrants decided to remain in the host country to benefit from their social rights, which were similar to native workers. The economic situation in their home countries was markedly worse and, finally, many feared not being able to re-enter the host country. According to some United Nations estimates, only 10% of immigrant workers returned to their country of origin in the two years that followed the 1973 crisis. As a result, European Community countries observed that migration was part of a process not only reflecting the needs of the labour market, but also including a strong family component and a social cost linked to the presence of second generations. In Germany, for example, despite the formal end of immigration in November 1973, the foreign population increased from 4 million in 1973 to 4.5 million in 1980 (see H. Werner, *From Guests to Permanent Visitors: From the German "Guestworker" Programmes of the Sixties to the Current "Green Card" Initiative for IT Specialists*, 1999). Moreover, intra-Community migration stagnated due to the economic crisis and the convergence of salaries among member countries of the European Community (which grew in 1974 with the adherence of the United Kingdom, Ireland and Denmark).

C. The Third Period: Diversification of host and sending countries and the increase in the flows of asylum seekers, refugees and ethnic minorities (1990-2000)

13. The third migration period, which began in the late 1980s, is characterised by the diversification of host and sending countries. The traditional emigration countries in Europe, such as Spain, Italy, Ireland, Greece and Portugal, gradually became countries of immigration. Moreover, immigrants were no longer only coming from former colonies, as was the case for the United Kingdom and France, but from a more diverse group of countries, notably from sub-Saharan Africa and Asia. Migrants' motivations changed, as did their migration entry channels. A net increase in asylum seekers and refugees was observed, partially amplified by the effects of the political changes occurring in Central and Eastern Europe and in the former Soviet Union. Regional conflicts, such as those in the former Yugoslavia and Kurdistan, led to large flows of asylum seekers and refugees from those areas.

14. The increase in asylum applications was particularly strong in the early 1990s and reached a new peak in 1997, mostly due to the civil war in the former Yugoslavia. In 1983, Western Europe registered about 70 000 asylum seekers. This number was ten times higher in 1992 (largely the result of an increase in applications in Germany that year before the Constitutional reform was implemented in 1993). Applications then fell until 1996 (at 245 000) and registered a small increase in 1997 (260 000). In 2002, European Union countries recorded more than 382 000 asylum applications of a total 581 700 applications in nearly all OECD countries (see Table 1). The top five European countries, based on the absolute value of flows, are the United Kingdom, followed by Germany, France, Austria and Canada.

15. In addition to regional conflicts, the increase in asylum applications stemmed from the fact that numerous migrants had recourse to this entry channel, which remained their only possibility due to increased restrictions in migration policies. Delays in responding to applications led some applicants to settle definitely in the host country even though the rates of accepted applications and of refugee status granted were low.

16. This third period is also characterised by the predominance of family reunification flows in several European countries of the OECD and by a renewed interest in employment-related migration, notably for skilled and highly skilled labour in the late 1990s (see *Employment Outlook*, OECD 2001).

17. After the collapse of the former USSR and the opening of frontiers, East-West migration and particularly movement of ethnic minorities increased. These flows were significant during the late 1980s and the early 1990s and were directed to a limited number of European Union countries, mainly Germany. In 1989 and 1990, Germany welcomed more than 620 000 people of German ethnic descent (*Ausslieder*) originating from Poland, Romania and the former Soviet Union (see Table 2). Provisions in the German Constitution relating to ethnic German minorities encouraged these large flows. To a lesser extent, other countries such as Greece and Finland also recorded the return of ethnic minorities originating from the former Soviet Union and in the case of Finland, from the Baltic States. Moreover, the flow of the Roma people, mostly from Romania, Bulgaria, the Slovak Republic and the Czech Republic, increased the ranks of other ethnic minorities in certain countries of Western Europe.

D. The Fourth Period: Return of employment–related migration with a "preference" for skilled workers and temporary migration

18. The increase in permanent migration and especially temporary employment-related migration during this fourth period is the result of several factors. On the one hand, the intensity of the late 1990s expansion phase and, on the other, the development of information and communication technology, health and education, sectors which require skilled and highly-skilled labour in shortage in some countries contribute to this growth. The increase in employment-related migration also includes unskilled foreign labour, especially in agriculture, building and public works, and domestic services; this is notably the case in Italy, Spain, Greece and Portugal. The ageing population phenomenon explains some of this renewed interest in labour-related migration.

19. All temporary labour migration categories are on the rise since 1998, especially in Germany, Australia, Canada, the United States and the United Kingdom. Recent policies implemented to facilitate the recruitment of foreign labour have the tendency to favour solutions with temporary foreign workers. Foreign students also can contribute to help reduce labour shortages in host countries. The number of foreign students is quite important in the United States, but also in several countries of the European Union (United Kingdom, Germany, France and Spain) and Switzerland (see Table 3). Many OECD Member countries recently have brought about important changes concerning the possibilities of status changes and access to the labour market upon completion of training (see *International Mobility of the Highly Skilled*, OECD, 2002).

20. The 1990s have shown an increasing proportion of women among immigrants. This trend is particularly visible in France, Greece, Spain, Sweden, the United Kingdom and Italy. This feminisation concerns all components of migration flows. Women have formed an increasing proportion of employment-related migration and refugee flows, while earlier female migration to OECD countries was limited mostly to family reunification channels.

21. This rapid overview of the main periods marking European migration since the mid-1950s is not intended to be exhaustive. It is important to complete it, however, by highlighting two events which in our minds are related to the general framework of the economic and social aspects of migration. The first involves the persistence during this entire period of irregular migration and the employment of undocumented workers. In this context, some OECD countries have carried out amnesty programs (see Table 4). The second concerns naturalisations, which in many European Union countries have led to an increasing number of foreigners who join the ranks of nationals (see Chart 2 and Table 5). These processes reinforce the permanent and settlement nature of immigration (as is the case in Australia, Canada, the United States and New Zealand) and give migrants the possibility of obtaining full citizenship.

II. MIGRATION AND THE LABOUR MARKET: RECENT TRENDS

22. Despite the recent improvement in the employment situation in the majority of OECD countries, there are still significant differences between nationals and immigrants in terms of labour market integration. Foreigners or immigrants generally have lower participation rates than nationals; such differences also exist between men and women (see Table 6) and among nationalities.

23. In a number of OECD countries, foreign or immigrant men have higher participation rates than nationals. This is true in particular in host countries where employment-related migration predominates, as in the countries of southern Europe (Italy, Greece) and Hungary. On the contrary, in the Netherlands and northern European countries (notably Sweden and Denmark), which traditionally receive many refugees, foreigners have appreciably lower participation rates than natives.

24. Chart 3 compares the trend in foreign employment and total employment since the start of the economic upturn (first half of the 1990s). In the older European immigration countries (Belgium, France, Germany, Netherlands, United Kingdom), employment growth initially benefited mainly nationals. After four to six years, however, foreign employment increased sharply despite the strains appearing on the labour market and accelerating growth. In the new immigration countries such as Ireland, Italy, Portugal and Spain, the trend is very different in the sense that foreign employment has been on an upward slope since the beginning of the economic upturn.

25. Table 7 provides an overview of the sectoral breakdown of foreign labour in the OECD countries in 2001-2002. It is noticeable, in particular, that foreigners are over-represented in certain sectors, meaning that they account for a larger proportion of employment in those sectors than they do in the total labour force. In the majority of OECD countries, over-representation occurs in secondary sector activities. In Germany and Japan, for example, more than a quarter of foreign employment is concentrated in mining and manufacturing. Foreigners are also over-represented in the construction sector in 11 of the 19 countries examined.

26. There is, however, an increasing similarity between the distributions of foreign workers compared to those of nationals implies that foreigners' labour market integration has been increasing. For example, second-generation young people arriving on the labour market usually have higher levels of education and training than their parents. Thus, young foreign workers are increasingly working in jobs with a "national profile" as opposed to those typically held by first-generation immigrants. In the specific case of the illegal employment of foreign workers, information obtained in the course of regularisation programmes indicates that they are on average younger than the remainder of the labour force and are widely distributed across the economy.

27. Generally, foreigners are more vulnerable to unemployment than nationals for a variety of reasons (see *Employment Outlook*, OECD 2003). In most European OECD countries, the share of foreign

or immigrant workers in the total number of unemployed is greater than their share in the active labour force.

28. The disparities in the unemployment rates of foreigners and nationals (see Table 6) and the fact that foreigners are affected differently by unemployment depending on their nationality are particularly attributable to economic trends and the nature of jobs held by foreigners. These differences also depend on the demographic structure of the foreign population and when the different waves of migration arrived in the various host countries. Migrants' profiles also determine their employability. Variables such as age, gender, nationality, category at entry (refugee, family member or worker), skill level, professional experience and the length of stay in the country play an important role in explaining the degree of vulnerability to unemployment. Knowledge of the language of the host country also contributes significantly to integration in the labour market and in society as a whole.

29. To assess the scale of the effort needed to offset the specific problems faced by foreigners or immigrants in OECD labour markets, one can calculate the number of new jobs theoretically needed to bring the foreign unemployment rate into line with that of nationals, assuming no change in the latter. This would have the effect of balancing the share of foreign or immigrant workers in the total number of unemployed to their share in the active labour force. Results for 2002 are shown in Table 8. What emerges is that, even in countries where foreigners are hard hit by unemployment, such as in Belgium, Finland, Sweden and France, the theoretical number of jobs that should be created, in fact, remains relatively small in proportion to the total labour force. Nevertheless, achieving this objective in the medium term means thinking about strengthening active measures in favour of employment, developing specific measures and stepping up the campaign against discrimination.

III. MIGRATION CHALLENGES IN AN ENLARGED EUROPE

A. A highly contrasted European "migration landscape"

30. European Union countries share a certain number of common concerns in the field of international migration. They want to improve the control of migration flows, grant refugee status to migrants who truly meet the Geneva Convention criteria, and, finally, cooperate actively with each other and sending countries to reach these objectives. This convergence of concerns and objectives, however, should not obscure the reality: the "migration landscape" in the European Union is extremely contrasted and the imminent adhesion of the 10 candidate countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia) will only accentuate that difference.

31. Older immigration countries, such as France, Belgium and the Netherlands registered important migration waves of foreign workers, sometimes accompanied by their family members, in the 1950s, 1960s until the mid-1970s. Along with Germany and the United Kingdom, these countries are currently managing second generations of immigrants and are quite concerned with the integration of foreigners and their children in the labour market and society in general.

32. In the early 1950s, the Scandinavian countries created the Nordic market allowing the free movement of people, merchandise and capital in the geographic area created by its member countries. These countries have not turned to a recruitment policy of foreign workers, but have given priority in their annual inflows to refugees and other migrants accepted under humanitarian conditions. This priority explains the fact that migration flows to this region during the past 20 years have mostly been composed of migrants from countries with civil wars or armed conflicts. The integration of these populations in the labour market and in Scandinavian society requires appropriate policies to respond to the need of displaced or uprooted persons.

33. From the 1850s to the 1950s, the Southern European countries and Ireland were categorised among the great countries of transatlantic emigration and later as the major purveyors of migrants to Europe. They have now become countries of immigration, facing for the most part (except Ireland) a large flow of undocumented workers. The imminent adhesion of Poland, Hungary and the Czech Republic to the European Union, for example, will help increase the contrast between the old and new countries of immigration. It is in this extremely contrasted landscape (including the diversification of sending countries of new arrivals and settled migrants, see Table 9) that migration, employment of foreigners and a common migration policy will have to be determined in the European Union.

B. Beyond a one-dimension view of migration

34. The mobilisation of certain EU member countries around the issue of asylum seekers and the importance taken by this category during the past decade have made it such that migration as a whole has been assimilated to economic and political refugee movements in certain OECD Member countries and in numerous debates. This mobilisation recently was translated into the creation of a European Fund aimed at helping countries faced with a large number of asylum seekers and at risk of seeing this channel strongly reactivated. As countries share the cost burden of asylum seekers, one also wonders whether this policy risks prompting the reduction of current efforts to curb the flows of fake asylum seekers. Moreover, resources allocated to this Fund could rise considerably with an increase in asylum applications in countries hitherto less concerned, such as Italy, Spain and Greece, as well as three of the new candidate countries (the Czech Republic, Hungary and the Slovak Republic).

35. Conversely, the varying degree of fear felt by each country that they will face a labour shortage now or in the near future has led some of them to "reduce" the migrant to his/her labour force dimension, even though past experience shows the complex character of different migration processes, from the arrival of the worker, to that of his/her family, to naturalisation. Beyond the questions related to the integration of immigrants in the host country society, migrants also retain more or less strong ties with their country of origin and this dimension should not be separated from the migration phenomenon.

36. Simplistic approaches to the migration phenomenon, sometimes communicated in messages to the public, have reinforced the perception of "Fortress Europe," during a period when immigration flows have increased throughout the 1990s (see Chart 4). Today, public opinion is not clear on whether one should continue to fight against irregular immigration and the employment of undocumented workers or if "Fortress Europe should transform itself into a more welcoming Europe."

37. In this context, various lobby groups (very powerful, but rarely representing immigrants), unresponsive sending countries and partisans of an increase in multiculturalism have led certain countries to adopt migration policies incoherent with other policies (e.g., policies favouring certain ethnic minorities or teaching the original language and culture, to the detriment of the acquisition of host country's language, a prerequisite for obtaining, keeping or regaining a job).

38. In their recent work, the OECD and the European Union already contributed to alleviate fears raised by the effects of EU enlargement on migration flows (see *Migration Policies and EU Enlargement,* OECD 2001). This research deserves to be extended and oriented toward the labour market aspects and the status of immigrants or foreigners in candidate countries. Moreover, it is hopeful that the EU/OECD Conference—the framework for this document—can bring about an in-depth study on the social and economic aspects of migration, similar to the one recently published by the British authorities (see *Migration: An Economic and Social Analysis,* Home Office 2001), who were concerned in delivering to the public a global message on migration linked with economic growth and the dynamic character of

British society. Going beyond the economic and social aspects of migration, the challenge here is first of all human and political.

C. The employment of foreigners at the heart of future concerns

39. Theoretically, countries resorting to employment-related migration seek flexibility, especially adaptability to the current labour needs. In reality, we notice that countries with selective migration policies reconsider their strategy by seeking migrants with characteristics better adapted to the medium term needs of the labour market. This vision contrasts sharply with past approaches that focused on the temporary nature of employment-related migration. How can one reconcile employment-related migration policies with the changes occurring in the labour market?

40. In terms of migrants, the right to work mandates equal treatment as well as clear and non-discriminatory statutes reflecting equal pay and social protection. The conditions set by migrants are now systematically taken into consideration for skilled and highly skilled workers, while in the past this was not true for unskilled labour. The recent temporary programmes, however, are not sufficiently clear in terms of the status accorded to migrants. Future bilateral and multilateral agreements related to the labour force could be modified to provide better benefits to its various partners (the state, employers, and migrants). The OECD Secretariat recently evaluated such agreements and other forms of labour recruitment during a seminar in Montreux hosted by the Swiss authorities in June 2003 (OECD publication forthcoming).

41. Immigrants are expected to play a role in alleviating the impact of population ageing and certain countries even hope to increase immigration as a way to reduce or balance the pension systems deficit. Before even considering their degree of realism, such perspectives presume the implementation of a permanent migration policy, which few European countries have supported officially. In this respect, it would be beneficial to give serious thought to examples of such policies that have been in use for a long time in some non-European OECD countries (e.g., Canada, Australia).

42. In terms of labour shortage fears, which seem poorly identified for now (see special chapter on the role of migration in addressing future labour market needs in *Trends in International Migration*, OECD 2002), reliance on increased immigration is competing with and/or complementing goals to increase the participation rate of residents (including settled migrants), the possibility of increasing “labour saving” investments, relocations, etc. These challenges are tied to the future equilibrium of the labour market and deserve more in-depth analysis. Whatever the case, selective employment-related migration has several limits. In addition, the existence of old migration waves, the persistence of conflict in regions beyond the EU, close or far away, and the inequalities of development will continue to weigh on the volume of migration flows not “selected” by the host countries.

43. The fight against illegal inflows and the irregularity of entries and residence of foreigners will remain the core of migration policies in OECD Member countries. The effectiveness of these policies is a serious challenge because from these policies emanate the implementation of more active regular immigration policies. European Union countries are aware of these needs and the Council of the European Union has recently adopted several recommendations related to the crackdown on the employment of undocumented workers. Similarly, the Commission of the European Union wrote a report on illegal employment. This report identifies four categories of undeclared workers: those engaged in various jobs, those who are “non-active” economically, the unemployed and third country residents living illegally in the European Union. In other OECD Member countries, such as the United States, Canada and Mexico, international cooperation activities, when they exist, are mostly bilateral and often very specific.

IV. DEVELOPING A COMMON EU IMMIGRATION AND ASYLUM POLICY[2]

44. With the entry into force of the Treaty of Amsterdam on 1 May 1999, the European Community gained limited jurisdiction on immigration issues. The treaty put forth a common immigration and asylum policy, which rapidly became one of the key development areas within the freedom, security and justice affairs of the European Union in preparation for the accession of new Member States (*i.e.*, by 1 May 2004). In October 1999, the Tampere European Council defined four objectives regarding immigration and asylum: partnership with sending countries, fair treatment of third country nationals, and management of migration flows and the development of a common European asylum system.

45. Starting from the premise that zero immigration policies were no longer appropriate, the European Commission defended that the new policy framework should balance economic and demographic developments within the EU with the situation in sending countries. The policy is comprised of two parts: a harmonized legislative framework and the co-ordination of EU Member State actions regarding combating illegal immigration and the management of legal migration flows.

A. The adoption of a harmonised legal framework

46. The Commission's legislative programme considers four proposed directives, based on the purpose of stay: family reunification; labour immigration; entry of students, occupational trainees and volunteers; and the status of long-term residents. In addition, a specific proposal covers victims of trafficking in human beings.

47. The first text on legal immigration, adopted on 22 September 2003, concerned the right to family reunification with an increased flexibility regarding both the definition of family members and the conditions required to qualify for family reunification. A number of waivers were granted to certain EU Member States with respect to specific criteria on reunification for children.

48. The second text agreed to by Council of Ministers (on 6 June 2003) is a proposed directive on the status of third country nationals who are long-term residents. This proposal falls within the Tampere goal of reaching an integration policy that grants long-term residents rights and obligations comparable to those of EU citizens. These rights include the right to reside, receive education and work as an employee or self-employed person and the principle of non-discrimination vis-à-vis the citizens of the state of residence. Moreover, long-time residents should have the opportunity to obtain the nationality of the EU member state where they reside.

49. Negotiations on the proposal for a Council Directive on the conditions of entry and residence of third country nationals for the purpose of employment have ceased to move forward since spring 2002. This proposal established common definitions, procedures and criteria for the admission of employees and the self-employed and, in particular, proposed that residence and work permits be combined into a single document. The admission mechanism is expected to be based on the labour market testing of each application. That is, employers must demonstrate that the domestic labour market could not fill the vacancy, advertised through the intermediary of employment service agencies in EU Member States or the European Employment Service (EURES). Waivers would allow EU Member States to use other systems to meet labour shortages (*e.g.*, a national green card programme) or, conversely, limit permit delivery for economic reasons.

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[2] Parts of this section draw on *Trends in International Migration*, OECD 2003 (Part I.C.4).

50. In addition, this directive planned to solidify the status of individuals legally working in the labour market for three years. In these cases, it stipulated that residence permit renewals should no longer depend on labour market requirements and, after five years of uninterrupted legal residence, should transfer to long-term resident status. Rather than advocating temporary or permanent immigration, the Commission is defending a progressive viewpoint based on the idea that migrants' rights should increase with their length of stay.

51. During the second half of 2003, the Italian Presidency placed the emphasis on issuing a directive to support a short-term residence permit to victims of illegal immigration or of trafficking in human beings who co-operate with the competent authorities. In addition, work will begin in 2003 on a Council Directive on the conditions of entry and residence of third country nationals for the purpose of studies, professional training or voluntary service.

52. At the initiative of EU Member States, several texts have been adopted relating to illegal immigration: the criminal responsibility of carriers transporting foreign nationals; the mutual recognition of decisions on the expulsion of third country nationals; the definition of facilitating unauthorised entry, transit and residence; and combating trafficking of human beings.

B. Co-operation between EU Member States in combating illegal immigration

53. For a genuine common policy, the action taken by EU Member States with regard to immigration needs to be co-ordinated at the European level. The Council approved three action plans during the course of 2002, summarised below.

54. First, the Santiago Plan to combat illegal immigration and trafficking of human beings in the European Union consists in creating a global approach of both internal and external activities, using a thorough set of measures grouped under seven action areas: visa policy; information exchange and analysis; pre-frontier measures; border management; readmission and return policy (the last two which were later the subject of a special plan); police co-operation via the strengthening of the role of Europol and, lastly, penalties for various offences linked to illegal immigration.

55. The second plan consists in managing the external borders of the European Union. It was designed in line with the Schengen common area: one member state's surveillance of its own borders is carried out on behalf of all member states because of the abolition of checks at internal borders. The enlargement of the European Union means that some new member states will be responsible for checks on eastern borders once they are fully integrated into the Schengen area. While the Commission's proposal to create a European border guard was not included in the management plan, it has not been ruled out.

56. The last action plan is the development of a Community return policy for illegal residents. It is devoted to the strengthening of operational co-operation between EU Member States, creating minimum common standards or guidelines for return procedures, programmes specific to some third countries and the strengthening of co-operation with third countries. Operational co-operation between EU Member States and with third countries (*e.g.*, organising common return operations) is given priority over the development of common standards. Co-operation with third countries, which mainly relies on the signing of readmission agreements designed to facilitate the expulsion of the persons concerned, is proving more difficult than anticipated.

C. Co-ordination in the management of legal migration flows

57. In contrast with their increased co-operation in combating illegal immigration, EU Member States are making less progress in co-ordinating the management of legal migration flows which has been inspired by the co-ordinated employment strategy. Some progress has been made, however, in the creation of a European Migration Network, comprised of national contact points designated by voluntarily participating EU Member States. The network will be responsible for analysing every aspect of the phenomenon of migration as well as for the improvement of data collection on migration and the exchange of best practices regarding the integration of third country nationals.

D. A common European asylum system

58. In Tampere, heads of state and government agreed that a set of standards and measures for a common asylum policy should be adopted by May 2004 and fully inclusive of the 1951 Geneva Convention related to the status of refugees. The objectives included sharing the financial and physical burden and responsibility of a common asylum system among EU Member States so as to better manage asylum and the protection of displaced persons. A common asylum system includes the adoption of common minimum standards on procedures for granting refugee status, on increasing the speediness of decisions and on reception conditions.

59. The European Commission and Council have moved along rapidly on some issues related to implementing a common asylum policy. A significant achievement was the development of an agreed common list of safe countries, adopted by the Council on 28 November 2002. The Council declared that members of the European Free Trade Association (EFTA) were designated as safe countries and that EU candidate countries would be considered safe upon signature of the accession treaties. The candidate countries are an area of concern due to increasing numbers of asylum applications. The rise in asylum seekers observed in the early 1990s and, more recently, in 2000 and 2001 due to the increasing number of regional conflicts inflated the number of asylum seekers in many OECD countries. Central and Eastern European countries were particularly affected, as asylum applications increased by about 76% between 2000 and 2001, even though absolute numbers remained small.

60. Other steps to a common asylum policy are currently being developed and implemented. For example, since January 2003, EURODAC has been operational to reduce the number of second asylum applications lodged by asylum seekers rejected in another Member States, also known as the phenomenon of “asylum shopping.” This system, which helps to reinforce the Dublin Convention, collects and compares fingerprints of asylum seekers and persons who have crossed an external border in an irregular fashion and can identify if a previous asylum claim has been submitted.

E. Integration of immigration policy and foreign relations

61. The Tampere European Council concluded that the European Union and its Member States needed to improve coherence between their internal and external policies, reflecting the need for integrating immigration and foreign policies. To that end, an integrated, comprehensive and balanced approach to tackling the root causes of illegal immigration would remain the European Union’s constant long-term objective. Closer economic cooperation, trade expansion, development assistance and conflict prevention is critical to promoting economic prosperity in sending countries and thereby reducing the underlying causes of migration. The Council expects full co-operation from third countries in dealing with illegal flows and agreed to implement punitive foreign policy measures that nonetheless would not jeopardise economic development. In 2002, nine third countries received priority action status in terms of

assistance to mange migration flows: Albania, China, Libya, Morocco, Russia, Tunisia, Turkey, Ukraine and Yugoslavia.

62. Moreover, readmission by third countries of persons illegally present in the European Union is a key component of EU foreign policy regarding immigration and the Commission has successfully negotiated agreements in three cases (Hong Kong, Macao and Sri Lanka). The Commission also proposed a programme for technical and financial assistance with a budget of €250 million over five years (2004-2008) to support those third countries with serious intentions of signing readmission agreements with the European Community in their efforts to ensure better management of every dimension of migration and asylum flows. The European Commission will also be conducting a study (to be completed by spring 2004) on the advisability of establishing legal immigration quotas at the European level with the object of facilitating co-operation with third countries.

F. Challenges to harmonisation

63. A quick glance at the migration history of the European Union countries clearly shows that the stages of development of migration waves are different by country or groups of countries considered. For example, political changes in Central and Eastern Europe at the end of the 1980s had a greater effect for geopolitical and historical reasons on migration flows in the 1990s in Germany and Austria (as well as in the United States and Canada) compared to France or the United Kingdom. This is also similar to what has happened after the breakdown of the former Yugoslavia and the civil war in that region: large refugees flows fled from Bosnia, Kosovo and, more recently, Albania to Germany, Sweden, Austria, Italy and Greece.

64. Germany has welcomed a large number of ethnic German migrants since 1989; Greece has received Greek minorities from Pontis in the former USSR and Albanians of Greek origin; Spain has been the target for some nationals from its former colonies in Central and Latin American; and Portugal can hardly ignore its similar connections with African countries with Portuguese as the official language or with Brazil. In the future, the same experiences will be felt in Poland with its ethnic minorities in Ukraine or in Hungary with Romania, just as France, Belgium, the United Kingdom and the Netherlands experienced in their time with their former colonies.

65. Tomorrow, with the EU enlargement, these geopolitical constraints will continue their impact on migration movements and policies. The precedent already has been set with the enlargement of the European Community in 1981 with Greece and in 1986 with Portugal and Spain. These experiences certainly provide us with useful lessons on how to manage the transition period which runs between adhesion and the entry into force of free movement, on one hand, and the free settlement of communitarian nationals in each of the member countries. The upcoming enlargement contains two new factors: first, several candidate countries are having difficulty in managing their migration flows originating from the former Soviet Union and certain Asian countries and to a lesser extent Africa. Second, numerous ethnic minorities in Central and Eastern Europe continue to have a precarious political status and could feed into future migration flows to the European Union.

66. This group of factors clearly show that the European Union countries are facing very different situations with regards to migration: different migration histories, differing levels of economic dependency on immigration and varying concerns among countries about the flow of the past decade (composed mostly of asylum seekers, refugees and ethnic minorities). The Treaty of Amsterdam underscores the importance of creating a common migration policy for all member states. This remains an ambitious goal considering the varied landscape described above and the heterogeneity of the immigrant population that is already settled in the European Union area. Thus, one of the first challenges for migration in Europe will be to find

a common thread on the issue of migration management and the harmonisation of migration policies among European Union countries.

Conclusion

67. In this document, we first presented the main migration periods since the 1950s in Europe, followed by the brief description of the role of immigrants in the labour market. The last section focuses mostly on the complexity of the migration phenomenon and the situation which prevails in European Union member countries in order to identify the main challenges as well as the steps and limits of the harmonisation of general migration policies and employment-related migration policies in particular. This last section, while underscoring several migration challenges for the enlarged European Union, aims to spark the debate. It also hopes to reinforce the cooperation between the OECD and the European Union on subjects such as migration and the labour market, the integration of immigrants and the international cooperation between host and sending countries for management of migration flows and economic development.

68. Beyond the challenges raised in this document, several questions related to migration policies remain to be discussed. What will be the nature of future migration policies that the European Union will advocate for and at what level will they be applied (by region, country, groups of countries, all of Europe)? Will active employment-related migration policies be more selective, consist of more quotas, and, if so, for what category of workers or countries supplying the labour force? Are the policy goals the same for old and new countries of immigration, for old and new EU members? Up to what degree can migration policies be harmonised? Can they be defined without taking into consideration the migration policies of other large non-European immigration countries in the OECD zone?

TABLES AND CHARTS

Table 1. **Inflows of asylum seekers in 2002**
Thousands and percentages

	Thousands	average 1990-2001	2001-2002 % change
United Kingdom	110.7	57.3	20.3
United States	81.1	91.7	28.3
Germany	71.1	170.5	-19.5
France	51.1	31.9	8.0
Austria	37.1	14.8	23.0
Canada	33.4	29.6	-19.6
Sweden	33.0	23.8	40.4
Switzerland	26.2	26.7	27.1
Belgium	18.8	20.6	-23.4
Netherlands	18.7	33.5	-42.7
Norway	17.5	6.7	18.2
Ireland	11.6	3.3	12.7
Slovak Republic	9.7	1.3	19.5
Czech Republic	8.5	4.3	-53.1
Italy	7.3	10.7	-45.7
Denmark	6.7	10.6	-35.5
Hungary	6.4	4.1	-32.9
Spain	6.2	8.4	-34.9
Australia	6.0	9.6	-54.2
Greece	5.7	2.6	2.6
Poland	5.2	2.5	14.2
Turkey	3.8	5.5	-26.7
Finland	3.4	1.9	108.5
Bulgaria	2.9	1.0	18.6
Romania	1.1	1.4	-54.4
Luxembourg	1.0	0.6	51.4
New Zealand	1.0	1.2	-36.1
Japan	0.3	0.2	-28.6
Portugal	0.2	0.4	26.9
EU	**382.6**	**390.3**	**-1.9**
Central and Eastern Europe[1]	**33.8**	**12.4**	**-25.2**
North America	**114.6**	**121.3**	**9.3**
OECD[1]	**581.7**	**567.5**	**-1.5**

1. Above countries only.

Sources : Refer to the Statistical Annex of *Trends in International Migration* (OECD 2003 edition); United Nations High Commissioner for Refugees. *Labour Force Statistics 1982-2002* (OECD 2003 edition).

Table 2. **Inflows of ethnic Germans by country of origin to Germany, 1950-1998**

Thousands

	Total	*of which:* Former USSR	Romania	Poland	Former CSFR	Others
1950 - 1965	551.6	18.9	15.4	356.7	31.1	129.6
1966 - 1980	516.0	66.8	91.5	275.5	59.5	22.7
1981 - 1989	932.0	169.6	135.4	606.2	11.0	9.9
1990 - 1995	1 509.0	1 120.8	178.4	201.3	3.4	5.1
1996	177.8	172.2	4.3	1.2	-	0.1
1997	134.4	131.9	1.8	0.7	-	0.1
1998	103.1	101.6	1.0	0.5	-	-
Cumulated total	3 924.0	1 781.7	427.8	1 442.0	105.0	167.4

Source: Ministry of the Interior.

Table 3. **Stock of foreign students in selected OECD countries, 2001**
Thousands and percentages

	Thousands	*Of which:* from an OECD country (%)
United States	475.2	36.6
United Kingdom	225.7	58.9
Germany	199.1	52.0
France	147.4	28.1
Australia	121.0	22.4
Japan	63.6	33.4
Spain	39.9	64.6
Belgium	38.2	59.8
Austria	31.7	69.4
Italy	29.2	44.2
Switzerland	27.8	72.1
Sweden	26.3	60.1
Turkey	16.7	10.1
Netherlands	16.6	59.3
Denmark	12.5	42.6
Hungary	11.2	38.4
New Zealand	11.1	23.9
Norway	8.8	48.0
Ireland	8.2	75.8
Czech Republic	7.8	61.4
Poland	6.7	24.6
Finland	6.3	35.4
Korea	3.9	26.1
Mexico	1.9	37.2
Slovak Republic	1.7	39.1
Iceland	0.4	81.5

Source: Database on Education, OECD.

Table 4. **Main regularisation programmes of immigrants in an irregular situation in selected OECD countries, by nationality**

Thousands

Belgium		**France**				**Greece**			
(2000)[1]		**(1981-1982)[2]**		**(1997-1998)**		**(1997-1998)[3]**		**(2001)[4]**	
Dem. Rep. of Congo	8.8	Tunisia	17.3	Algeria	12.5	Albania	239.9		
Morocco	6.2	Morocco	16.7	Morocco	9.2	Bulgaria	24.9		
		African countries	15.0	China	7.6	Romania	16.7		
		Portugal	12.7	Dem. Rep. of Congo	6.3	Pakistan	10.8		
		Algeria	11.7	Tunisia	4.1	Ukraine	9.8		
		Turkey	8.6			Poland	8.6		
Other	36.9	Other	39.1	Other	38.1	Other	60.3		
Total	**52.0**	**Total**	**121.1**	**Total**	**77.8**	**Total**	**371.0**	**Total**	**351.0**

Italy									
(1987-1988)		**(1990)**		**(1996)[5]**		**(1998)[5]**		**(2002)[6]**	
Morocco	21.7	Morocco	49.9	Morocco	34.3	Albania	39.0		
Sri Lanka	10.7	Tunisia	25.5	Albania	29.7	Romania	24.1		
Philippines	10.7	Senegal	17.0	Philippines	21.4	Morocco	23.9		
Tunisia	10.0	Former Yugoslavia	11.3	China	14.4	China	16.8		
Senegal	8.4	Philippines	8.7	Peru	12.8	Senegal	10.7		
Former Yugoslavia	7.1	China	8.3	Romania	11.1	Egypt	9.5		
Other	50.1	Other	97.1	Other	120.8	Other	93.2		
Total	**118.7**	**Total**	**217.7**	**Total**	**244.5**	**Total**	**217.1**	**Total**	**702.2**

Portugal					
(1992-1993)		**(1996)**		**(2001)[7]**	
Angola	12.5	Angola	6.9	Ukraine	63.5
Guinea-Bissau	6.9	Cape Verde	5.0	Brazil	36.6
Cape Verde	6.8	Guinea-Bissau	4.0	Rep. of Moldova	12.3
Brazil	5.3	Sao Tome and Principe	1.2	Romania	10.7
Sao Tome and Principe	1.4	Brazil	2.0	Cape Verde	8.3
Senegal	1.4			Angola	8.1
Other	4.8	Other	3.7	Other	39.8
Total	**39.2**	**Total**	**21.8**	**Total**	**179.2**

Spain									
(1985-1986)[8]		**(1991)**		**(1996)**		**(2000)[9]**		**(2001)[10]**	
Morocco	7.9	Morocco	49.2	Morocco	7.0	Morocco	45.2	Ecuador	52.3
Portugal	3.8	Argentina	7.5	Peru	1.9	Ecuador	20.2	Colombia	40.8
Senegal	3.6	Peru	5.7	China	1.4	Colombia	12.5	Morocco	31.7
Argentina	2.9	Dominican Rep.	5.5	Argentina	1.3	China	8.8	Romania	20.4
United Kingdom	2.6	China	4.2	Poland	1.1	Pakistan	7.3		
Philippines	1.9	Poland	3.3	Dominican Rep.	0.8	Romania	6.9		
Other	21.1	Other	34.7	Other	7.8	Other	63.1	Other	89.4
Total	**43.8**	**Total**	**110.1**	**Total**	**21.3**	**Total**	**163.9**	**Total**	**234.6**

Switzerland		**United States**					
(2000)[11]		**(1986)[12]**		**(1997-1998)[13]**		**(2000)[14]**	
Sri Lanka	8.9	Mexico	2 008.6	El Salvador			
Fed. Rep. of Yugoslavia	4.9	El Salvador	152.3	/Guatemala	300.0		
Bosnia-Herzegovina	0.6	Caribbean	110.5	Haiti	50.0		
Turkey	0.3	Guatemala	64.0	Nicaragua	40.0		
		Colombia	30.3	Eastern Europe	10.0		
		Philippines	25.7	Cuba	5.0		
Other	0.5	Other	293.5				
Total	**15.2**	**Total**	**2 684.9**	**Total**	**405.0**	**Total**	**400.0**

1. A regularisation programme started in January 2000. Asylum seekers who were residing in Belgium in October 1999 and who fill certain conditions could apply. Figures indicate the number of persons who applied (including dependents). A total of 35 000 dossiers have been received.
2. Excluding seasonal workers (6 681 persons) and around 1 200 small traders not broken down by nationality.
3. Persons who were granted a white card (first stage of the regularisation). Data by nationality are preliminary.
4. Number of applications of work and residence permits according to the October 2001 law.
5. Number of permits granted based on estimates done by M. Carfagna, "I sommersi e i sanati. Le regolarizzazioni degli immigrati in Italia" in Stranieri in Italia: Assimilati ed esclusi, A. Colombo and G. Sciortino (eds.), Mulino, Bologna, 2002.
6. Data refer to the number of applications.
7. The new foreigners act (January 2001) allowed the regularisation of undocumented Non-EU citizens in possession of registered work contracts.
8. Number of applications received.
9. Regularisation programme held from 23 March to 31 July 2000.
10. "Arraigo" programme. Excluding 24 600 other applications which have not yet been examined.
11. Programme called "Action humanitaire 2000." People accepted should have been in Switzerland since 31 December 1992 and have encountered big troubles.
12. Data refer to all persons granted a permanent residence permit (excluding their dependents) during the period 1989-1996 following the 1986 Immigration and Reform Control Act. Data are broken down by country of birth.
13. Includes some estimates of foreigners who are eligible for the Nicaraguan Adjustment and Central American Relief Act (November 1997) and for the Haitian Refugee Immigration Fairness Act (October 1998).
14. Estimates of applications for legalization under the Legal Immigration Family Equity (LIFE) Act.

Sources: Switzerland: Office des étrangers; France: Office des migrations internationales; Greece: National Employment Observatory; Belgium, Italy, Portugal and Spain: Ministry of the Interior; United States: Immigration and Naturalization Service.

Table 5. **Acquisition of nationality in selected OECD countries**
Thousands and percentages

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Countries where the national / foreign distinction is prevalent										
Austria	11.9	14.4	16.3	15.3	16.2	16.3	18.3	25.0	24.6	32.1
% of foreign population	2.2	2.3	2.4	2.1	2.2	2.2	2.5	3.4	3.3	4.2
Belgium	46.4	16.4	25.8	26.1	24.6	31.7	34.0	24.3	62.1	63.0
% of foreign population	5.0	1.8	2.8	2.8	2.7	3.5	3.8	2.7	6.9	7.3
Czech Republic	..	..	..	..	..	..	..	7.3	6.4	4.5
% of foreign population	..	..	..	..	..	..	..	3.3	2.8	2.2
Denmark	5.1	5.0	5.7	5.3	7.3	5.5	10.3	12.4	18.8	11.9
% of foreign population	3.0	2.8	3.0	2.7	3.3	2.3	4.1	4.8	7.3	4.6
Finland	0.9	0.8	0.7	0.7	1.0	1.4	4.0	4.7	3.0	2.2
% of foreign population	2.3	1.8	1.2	1.1	1.4	2.0	5.0	5.6	3.4	2.5
France	95.3	95.5	126.3	92.4	109.8	116.2	122.3	145.4	150.0	127.6
% of foreign population	..	..	..	..	..	..	..	4.5	..	..
Germany	179.9	199.4	259.2	313.6	302.8	271.8	236.1	248.2	186.7	178.1
% of foreign population	3.1	3.1	3.8	4.5	4.2	3.7	3.2	3.4	2.5	2.4
Hungary	21.9	11.8	9.9	10.0	12.3	8.7	6.4	6.1	7.5	8.4
% of foreign population	..	..	..	7.3	8.8	6.1	4.5	4.5	5.9	7.7
Italy	4.4	6.5	6.6	7.4	7.0	9.2	9.8	11.3	9.6	10.4
% of foreign population	0.5	0.7	0.7	0.8	0.7	0.8	0.8	0.9	0.8	0.7
Japan	9.4	10.5	11.1	14.1	14.5	15.1	14.8	16.1	15.8	15.3
% of foreign population	0.8	0.8	0.8	1.0	1.1	1.1	1.0	1.1	1.0	0.9
Korea	0.6	0.7	1.0	1.0	1.4	..	..	..	..	..
% of foreign population	1.1	1.2	1.5	1.1	1.3	..	..	..	..	..
Luxembourg	0.6	0.7	0.7	0.8	0.8	0.7	0.6	0.5	0.6	0.5
% of foreign population	0.5	0.6	0.6	0.6	0.6	0.5	0.4	0.4	0.4	0.3
Netherlands	36.2	43.1	49.5	71.4	82.7	59.8	59.2	62.1	50.0	46.7
% of foreign population	4.9	5.7	6.3	9.4	11.4	8.8	8.7	9.4	7.7	7.0
Norway	5.1	5.5	8.8	11.8	12.2	12.0	9.2	8.0	9.5	10.8
% of foreign population	3.5	3.6	5.4	7.2	7.6	7.6	5.8	4.8	5.3	5.9
Portugal	..	..	..	1.4	1.2	1.4	0.5	0.9	0.7	1.1
% of foreign population	..	..	..	0.9	0.7	0.8	0.3	0.5	0.4	0.5
Spain	5.3	8.4	7.8	6.8	8.4	10.3	13.2	16.4	12.0	16.7
% of foreign population	1.5	2.1	1.8	1.5	1.7	1.9	2.2	2.3	1.5	1.9
Sweden	29.3	42.7	35.1	32.0	25.6	28.9	46.5	37.8	43.5	36.4
% of foreign population	5.9	8.5	6.9	6.0	4.8	5.5	8.9	7.6	8.9	7.6
Switzerland	11.2	12.9	13.8	16.8	19.4	19.2	21.3	20.4	28.7	27.6
% of foreign population	1.0	1.1	1.1	1.3	1.5	1.4	1.6	1.5	2.1	2.0
United Kingdom	42.2	45.8	44.0	40.5	43.1	37.0	53.9	54.9	82.2	90.3
% of foreign population	2.4	2.3	2.2	2.0	2.2	1.9	2.4	2.5	3.7	3.9
Countries where the native-born / foreign-born distinction is prevalent										
Australia	125.2	122.1	112.2	114.8	111.6	108.3	112.3	76.5	70.8	72.1
Canada	116.2	150.6	217.3	227.7	155.6	154.6	134.5	158.8	214.6	167.4
United States	240.3	314.7	434.1	488.1	1 044.7	598.2	463.1	839.9	888.8	608.2
EU [1]	**457.5**	**478.7**	**577.6**	**612.3**	**629.3**	**588.9**	**608.2**	**643.1**	**643.1**	**615.8**
EEA [1]	**473.9**	**497.2**	**600.2**	**640.9**	**660.9**	**620.1**	**638.7**	**671.4**	**681.3**	**654.3**
North America	**356.5**	**465.3**	**651.4**	**715.8**	**1 200.3**	**752.8**	**597.5**	**998.7**	**1 103.4**	**775.6**

Note: Statistics cover all means of acquiring the nationality of a country, except where otherwise indicated. These include standard naturalisation procedures subject to criteria such as age, residency, etc., as well as situations where nationality is acquired through a declaration or by option (following marriage, adoption, or other situations related to residency or descent), recovery of former nationality and other special means of acquiring the nationality of a country. For more details on sources, refer to the notes at the end of the Annex. The naturalisation rate ("% of foreign population") gives the number of persons acquiring the nationality of the country as a percentage of the stock of the foreign population at the beginning of the year.

1. Above countries only excluding Portugal.

Table 6. **Participation rate and unemployment rate of nationals and foreigners by sex in selected OECD countries, 2001-2002 average**

	Participation rate				Unemployment rate			
	Men		Women		Men		Women	
	Nationals	Foreigners	Nationals	Foreigners	Nationals	Foreigners	Nationals	Foreigners
Austria	78.7	84.6	63.2	63.1	4.0	9.3	4.0	8.2
Belgium	72.8	71.2	56.2	42.7	5.1	14.3	6.6	17.8
Czech Republic	78.5	84.1	62.8	61.6	6.3	9.1	9.1	13.2
France	75.2	76.1	63.4	48.4	6.7	16.6	9.6	21.0
Germany	78.9	77.6	65.2	51.5	7.7	13.7	7.7	12.1
Greece	75.8	89.4	49.1	57.8	6.6	6.9	15.2	16.1
Hungary (2001)	67.5	77.3	52.4	53.1	6.3	2.2	5.0	7.7
Ireland	78.8	77.3	56.7	56.4	4.3	4.9	3.6	5.5
Luxembourg	73.0	81.8	48.4	59.1	1.3	2.4	1.9	4.2
Netherlands	85.3	68.9	68.1	52.1	2.0	4.4	2.6	5.0
Spain	78.3	88.3	51.2	63.8	7.4	11.4	15.7	17.0
Sweden	80.5	71.0	76.9	60.4	4.9	12.1	4.3	9.3
Switzerland	88.8	89.6	74.1	71.2	1.7	4.6	2.6	6.2
United Kingdom	82.7	76.4	68.7	56.3	5.3	8.4	4.1	7.5
Australia (2001) [1]	81.7	77.8	67.6	59.3	7.8	8.6	6.2	8.1
Canada (2001) [1]	73.9	68.7	62.3	54.6	7.8	6.8	7.0	8.1
United States [1]	82.0	86.5	72.2	62.6	6.0	5.6	4.7	6.3

Note: Calculations are made on labour force aged 15 to 64 with the exception of Canada (15 and over) and the United States (16 to 64 years old).

1. The data refer to the native and foreign-born populations.

Sources: Labour force surveys, figures supplied by Eurostat; 2001 Census, Australian Bureau of Statistics; 2001 Census, Statistics Canada; Current Population Survey March Supplement, US Bureau of the Census.

Table 7. **Employment of foreigners by sectors, 2001-2002 average**
Percentage of total foreign employment

	Agriculture and fishing	Mining, Manufacturing and Energy	Construction	Wholesale and retail trade	Hotels and restaurants	Education	Health and other community services	Households	Admin. and ETO	Other services
Austria	1.1	**24.5**	**13.5**	15.2	**11.3**	2.1	6.3	**0.6**	1.2	**24.2**
Belgium	0.9	**21.4**	**9.0**	**16.0**	**7.9**	4.3	8.0	**0.9**	8.3	23.3
Czech Republic	3.5	31.5	**11.0**	**19.5**	**7.2**	3.1	4.9	..	-	18.2
Finland	-	15.3	**7.8**	**14.5**	**11.0**	**10.8**	11.5	-	-	**27.2**
France	3.2	17.2	**17.5**	11.3	**7.3**	3.2	5.1	**6.7**	2.7	**25.8**
Germany	1.2	**32.6**	**8.1**	12.9	**11.3**	2.7	7.0	**0.6**	2.3	21.4
Greece	3.2	**17.9**	**27.6**	11.2	**10.2**	1.6	1.6	**17.2**	-	9.2
Ireland	3.2	17.2	6.9	10.2	**13.8**	5.4	**10.3**	-	-	**30.1**
Japan [1]	0.4	**61.5**	2.0	9.3	[1]	..	..	..	..	**26.8**
Luxembourg	0.8	10.4	**16.4**	**14.1**	**8.2**	2.3	6.1	**3.1**	8.7	**29.8**
Netherlands	**3.7**	**21.4**	4.7	15.4	**8.0**	4.1	11.7	..	3.5	**27.6**
Norway	-	**16.1**	6.1	12.5	**7.3**	**9.5**	**21.3**	-	-	23.1
Spain	**8.6**	11.2	**15.8**	10.9	**16.5**	3.2	1.9	**14.8**	0.5	16.8
Sweden	-	**19.3**	3.3	10.7	**5.9**	**8.2**	**19.2**	-	2.8	**29.6**
Switzerland	0.8	**22.9**	**10.2**	**17.9**	**6.9**	5.0	11.6	**1.2**	2.5	21.0
United Kingdom	-	12.0	4.4	12.0	**11.0**	7.7	**14.0**	**1.3**	4.1	**33.1**
Australia [2]	2.0	**17.5**	7.3	17.0	5.5	6.2	**10.3**	3.2	3.5	**27.3**
Canada (2001) [2]	1.8	**19.1**	4.7	14.2	**7.4**	5.7	9.4	**0.6**	3.9	33.2
United States [2]	**3.2**	**17.2**	**8.2**	20.1	**10.3**	5.7	**10.6**	**1.5**	2.2	20.9

Note: The numbers in bold indicate the sectors where foreigners are over-represented (*i.e.*, the share of foreign employment in the sector is larger than the share of foreign employment in total employment). The sign "-" indicates that the estimate is not statistically significant.

1. Data refer to June 2001. The "Hotels and restaurants" sector is included in the "Wholesale and retail trade" sector.

2. Data refer to the foreign-born population 15+.

Sources: European countries: European Community Labour Force Survey, data provided by Eurostat; Australia, Japan: Labour Force Survey; United States: Current Population Survey March Supplements; Canada: 2001 Census.

Table 8. **Additional jobs required to equalise national and foreign unemployment rates in selected OECD countries, 2002**

	Number (Thousands)	Per cent of the total labour force
Austria	19.9	0.5
Belgium	38.3	0.9
Denmark	5.3	0.2
Germany	192.2	0.5
France	162.5	0.6
Netherlands	7.8	0.1
Sweden	14.0	0.3
Switzerland	30.3	0.8
United Kingdom	43.4	0.1
United States	119.1	0.1

Note: Secretariat calculations.

Sources: European countries: European Community Labour Force Survey (data provided by Eurostat); United States: Current Population Survey March Supplement; Denmark: Population register (2001).

Table 9. **Relative importance of the top 5 countries in the total immigration flows and stocks of foreigners in selected OECD countries**

Main immigrants' countries of origin in 2001

Top 5 nationalities (according to the 2001 volume of inflows)	Inflows of foreigners in 2001[1] % of total inflows (A)	Stocks of foreigners in 2000[2] % of total stock of foreigners (B)	(A)/(B)	Top 5 nationalities (according to the 2001 volume of inflows)	Inflows of foreigners in 2001[1] % of total inflows (A)	Stocks of foreigners in 2000[2] % of total stock of foreigners (B)	(A)/(B)
Australia				**Austria**			
New Zealand	17.6	8.3	*2.1*	Germany	13.9	..	..
United Kingdom	9.8	26.9	*0.4*	Turkey	10.3	17.3	*0.6*
China	7.5	3.7	*2.0*	Bosnia-Herzegovina	8.7		
South Africa	6.4	1.8	*3.6*	Federal Republic of Yugoslavia	8.3	45.1	*0.5*
India	5.7	2.4	*2.3*	Croatia	7.2		
Total (in thousands)	*88.9*	*4 517.0*		*Total (in thousands)*	*74.8*	*775.9*	
Belgium				**Canada**			
Netherlands	12.4	10.3	*1.2*	China	16.1	6.1	*2.6*
France	12.2	12.7	*1.0*	India	11.1	5.8	*1.9*
Morocco	10.7	12.4	*0.9*	Pakistan	6.1	1.5	*4.2*
Turkey	4.5	6.5	*0.7*	Philippines	5.2	4.3	*1.2*
Poland	4.4	0.8	*5.5*	Korea	3.8	1.3	*3.0*
Total (in thousands)	*66.0*	*861.7*		*Total (in thousands)*	*250.3*	*5 448.5*	
Denmark				**Finland**			
Iraq	12.6	5.3	*2.4*	Russian Federation	23.0	22.6	*1.0*
Afghanistan	11.9	1.6	*7.3*	Estonia	9.9	11.9	*0.8*
Norway	4.7	5.0	*0.9*	Sweden	6.1	8.7	*0.7*
Somalia	3.8	5.6	*0.7*	China	3.0	1.8	*1.6*
Germany	3.8	4.9	*0.8*	Thailand	2.6	1.4	*1.8*
Total (in thousands)	*25.2*	*258.6*		*Total (in thousands)*	*11.0*	*91.1*	
France				**Germany**			
Morocco	16.1	15.4	*1.0*	Poland	11.6	4.1	*2.8*
Algeria	13.0	14.6	*0.9*	Turkey	8.0	27.4	*0.3*
Turkey	5.9	6.4	*0.9*	Federal Republic of Yugoslavia	5.3	14.9	*0.4*
Tunisia	5.6	4.7	*1.2*	Italy	4.2	8.5	*0.5*
United States	2.2	0.7	*3.2*	Russian Federation	4.1	1.6	*2.6*
Total (in thousands)	*128.1*	*3 263.2*		*Total (in thousands)*	*685.3*	*7 296.9*	
Hungary				**Italy**			
Romania	51.8	37.8	*1.4*	Albania	12.0	10.2	*1.2*
Ukraine	12.5	8.1	*1.5*	Romania	8.0	5.0	*1.6*
Former Yugoslavia	5.2	11.5	*0.5*	Morocco	7.7	11.5	*0.7*
Germany	3.7	6.8	*0.5*	China	3.8	4.3	*0.9*
Slovak Republic	2.6	1.4	*1.8*	Poland	3.8	2.3	*1.7*
Total (in thousands)	*19.5*	*110.0*		*Total (in thousands)*	*232.8*	*1 388.2*	

Table 9. **Relative importance of the top 5 countries in the total immigration flows and stocks of foreigners in selected OECD countries** *(cont.)*

Main immigrants' countries of origin in 2001

Top 5 nationalities (according to the 2001 volume of inflows)	Inflows of foreigners in 2001[1] % of total inflows (A)	Stocks of foreigners in 2000[2] % of total stock of foreigners (B)	(A)/(B)	Top 5 nationalities (according to the 2001 volume of inflows)	Inflows of foreigners in 2001[1] % of total inflows (A)	Stocks of foreigners in 2000[2] % of total stock of foreigners (B)	(A)/(B)
Japan				**Luxembourg**			
China	24.6	19.9	*1.2*	Portugal	20.6	35.5	*0.6*
Philippines	24.2	8.6	*2.8*	France	19.1	12.2	*1.6*
Brazil	8.5	15.1	*0.6*	Belgium	13.4	9.2	*1.5*
Korea	7.0	37.7	*0.2*	Germany	5.9	6.4	*0.9*
United States	5.9	2.7	*2.2*	Italy	5.4	12.3	*0.4*
Total (in thousands)	*351.2*	*1 686.4*		*Total (in thousands)*	*11.1*	*164.7*	
Netherlands				**New Zealand**			
United Kingdom	6.2	6.2	*1.0*	China	19.1	5.6	*3.4*
Germany	5.4	8.2	*0.7*	United Kingdom	15.8	31.3	*0.5*
Morocco	5.2	16.7	*0.3*	India	7.8	3.0	*2.6*
Turkey	5.1	15.1	*0.3*	Japan	5.9	1.2	*4.8*
United States	3.3	2.2	*1.5*	Australia	5.9	8.1	*0.7*
Total (in thousands)	*94.5*	*667.8*		*Total (in thousands)*	*62.1*	698.6	
Norway				**Portugal**			
Sweden	12.1	13.7	*0.9*	Angola	13.3	9.8	*1.4*
Denmark	7.9	10.5	*0.8*	Cape Verde	11.7	22.6	*0.5*
Iraq	4.6	5.4	*0.9*	Brazil	10.1	10.7	*0.9*
Germany	4.3	3.8	*1.1*	Spain	9.7	5.9	*1.6*
Somalia	4.2	3.3	*1.2*	Guinea-Bissau	9.4	7.7	*1.2*
Total (in thousands)	*25.4*	*184.3*		*Total (in thousands)*	*14.2*	*208.0*	
Sweden				**Switzerland**			
Iraq	14.8	6.9	*2.1*	Germany	14.6	8.0	*1.8*
Finland	7.8	20.7	*0.4*	Former Yugoslavia	7.5	24.4	*0.3*
Norway	6.9	6.7	*1.0*	France	6.5	4.4	*1.5*
Denmark	5.7	5.4	*1.1*	Italy	5.4	23.2	*0.2*
Former Yugoslavia	5.4	4.2	*1.3*	United Kingdom	3.9	1.5	*2.6*
Total (in thousands)	*44.1*	*476.0*		*Total (in thousands)*	*99.5*	*1 384.4*	
United Kingdom				**United States**			
United States	12.1	4.9	*2.5*	Mexico	19.4	29.5	*0.7*
India	10.0	6.5	*1.5*	India	6.6	3.3	*2.0*
Australia	9.8	3.2	*3.1*	China	5.3	3.2	*1.7*
South Africa	7.0	2.3	*3.1*	Philippines	5.0	4.4	*1.1*
Philippines	4.3	0.9	*5.0*	Vietnam	3.3	3.2	*1.0*
Total (in thousands)	*373.3*	*2 342.0*		*Total (in thousands)*	*1 064.3*	*31 107.9*	

1. For Australia, New Zealand and United States, data relate to fiscal year.
2. Stock of foreign-born population for Australia, Canada (2001 Census), New Zealand (2001 census) and the United States. Stock of foreigners for France is from 1999 census, except for US citizens where data are from 1990 Census.

Sources: National Statistical Offices. For details, refer to the Statistical Annex of *Trends in International Migration* (OECD, 2003).

Chart1. **Components of total population growth in the European Union and selected OECD countries, 1960-2001**

Per 1000 inhabitants at the beginning of the year

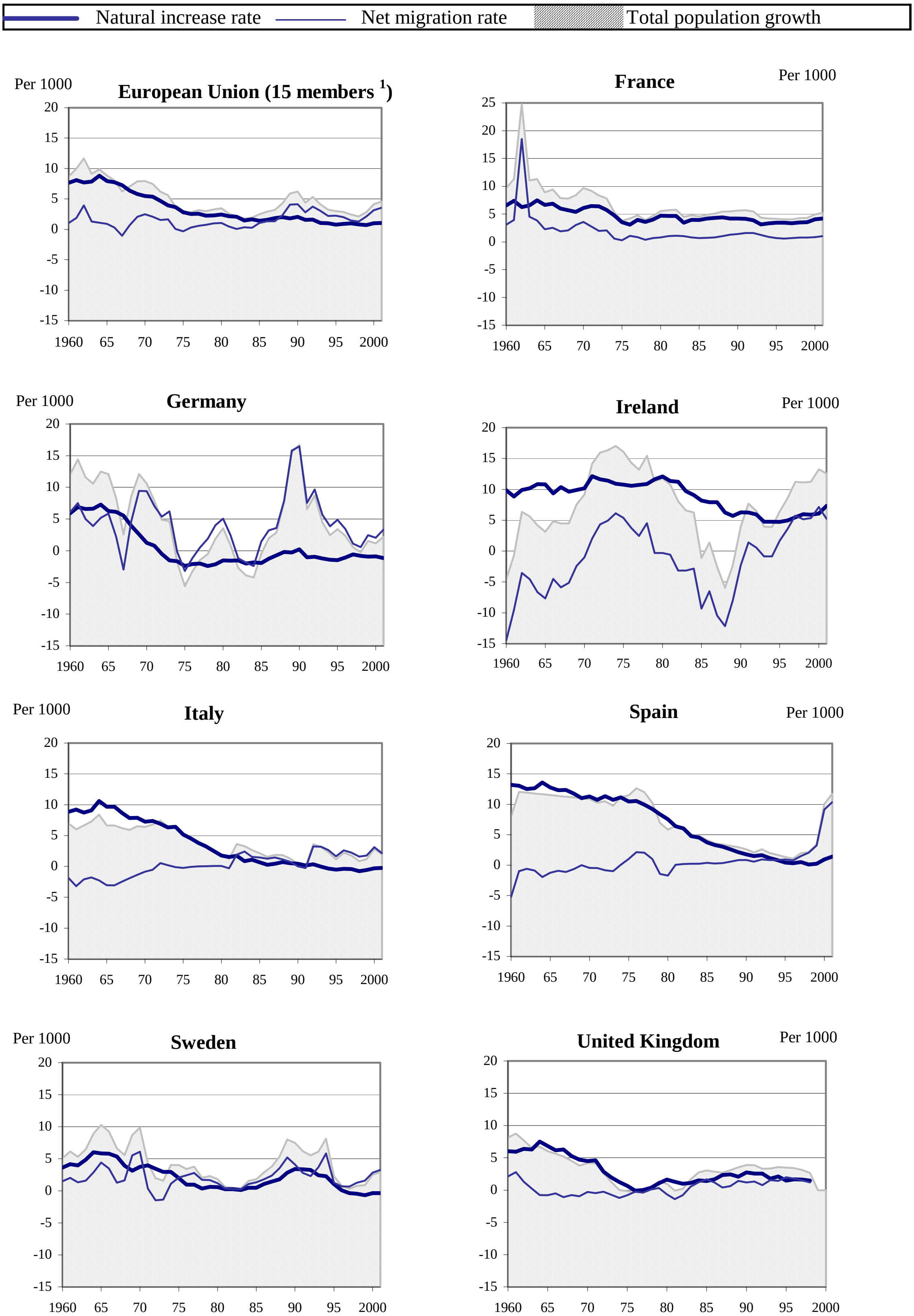
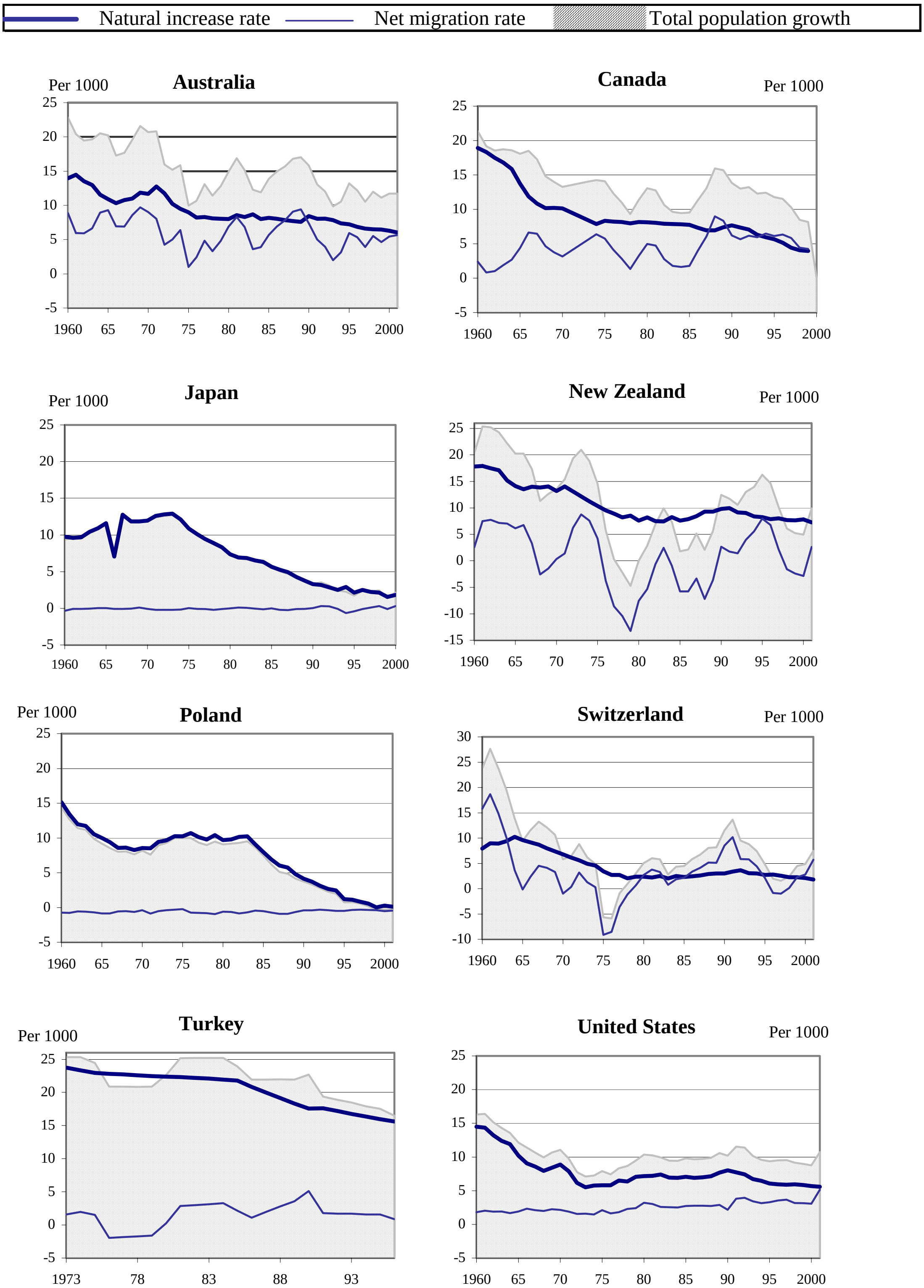


Chart 1. **Components of total population growth in the European Union and selected OECD countries, 1960-2001** *(cont.)*

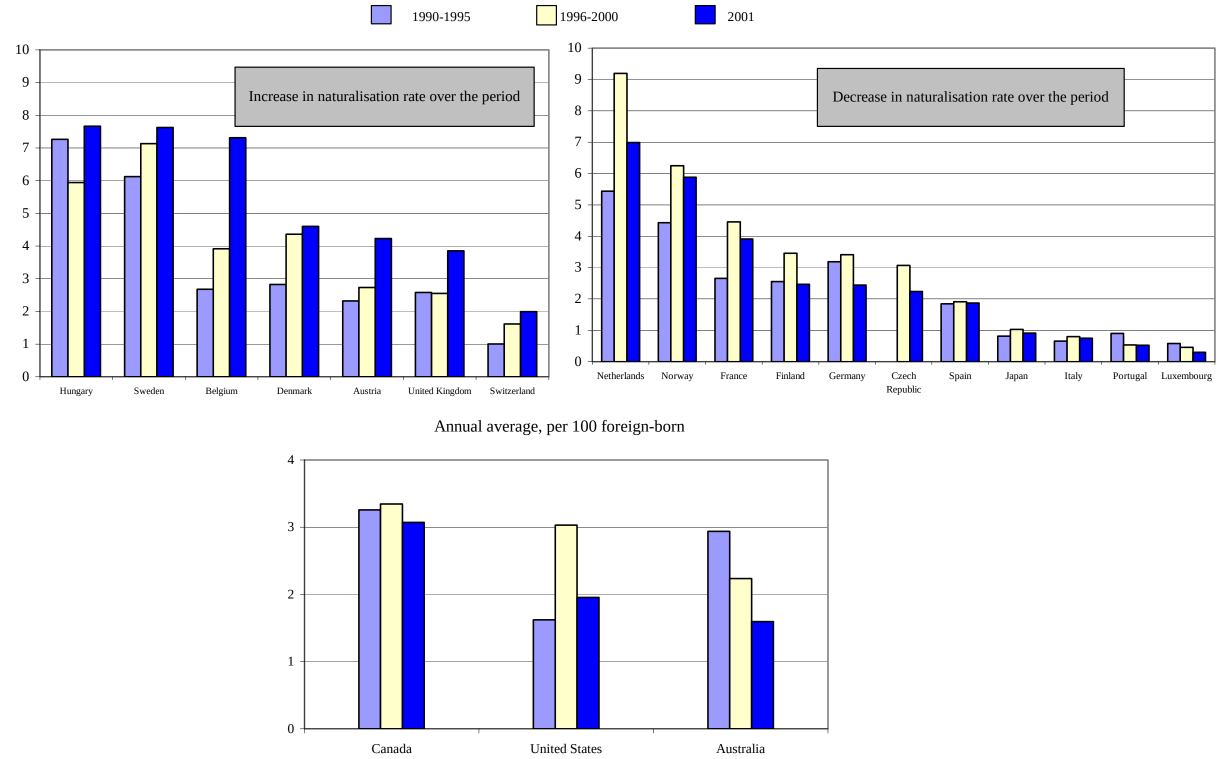
Per 1000 inhabitants at the beginning of the year



1. Excluding Portugal and Greece for all years and the United Kingdom from 1999 on.

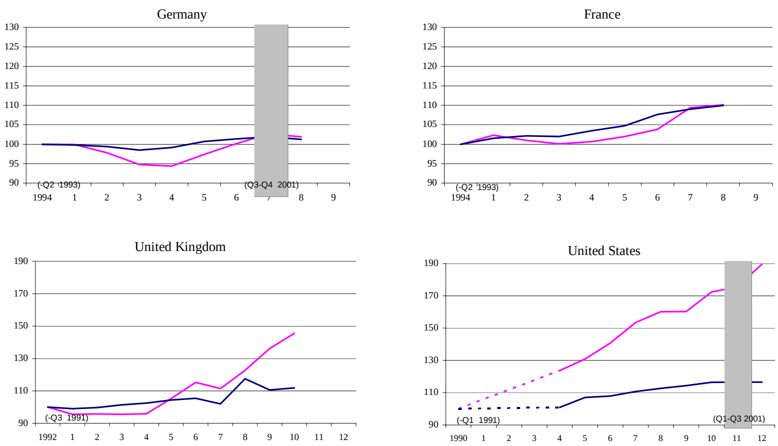
Source: *Labour Force Statistics,* OECD, 2002.

Chart 2. **Naturalisation rate in selected OECD countries, 1990-2001**
Annual average, per 100 foreigners



Note: Number of naturalised persons as a percentage of the stock of foreigners (stock of foreign-born for Australia, Canada and the United States) at the beginning of the year.
Source: Refer to the Statistical Annex of *Trends in International Migration* (OECD, 2003).

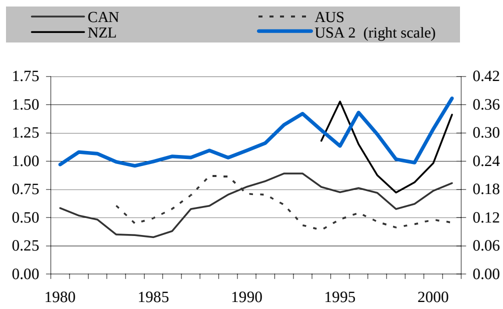
Chart 3. **Changes in foreign and total employment during economic recoveries**
Index: trough=100[1,2]



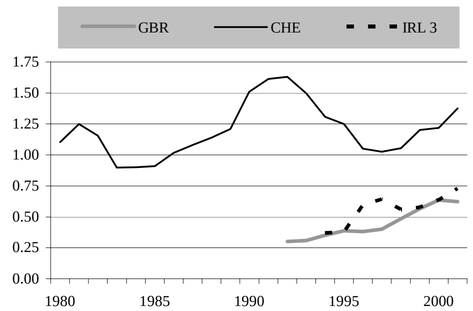
1. Data for Australia and the United-States refer to the foreign-born population.
2. Grey areas and dates in parentheses indicate a recession (i.e., when GDP in volume decreased for two consecutive quarters).
Sources: European countries: European Community Labour Force Survey (data provided by Eurostat); Australia: Labour Force Survey; United States: Current Population Survey.

Chart 4. **Inflows of foreigners in some OECD countries, 1980-2001**
Thousands, per 1 000 inhabitants and per 100 foreigners

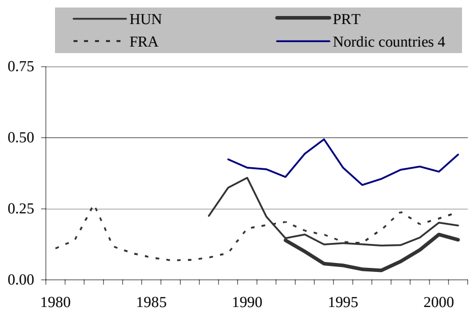
Inflows of foreigners [1], 1980-2001
% of total population
Permanent immigrants



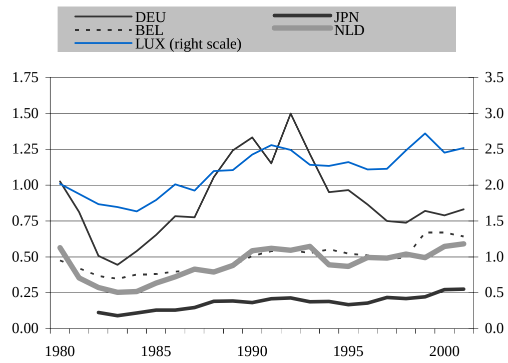
Durations greater than one year



Durations greater than one year

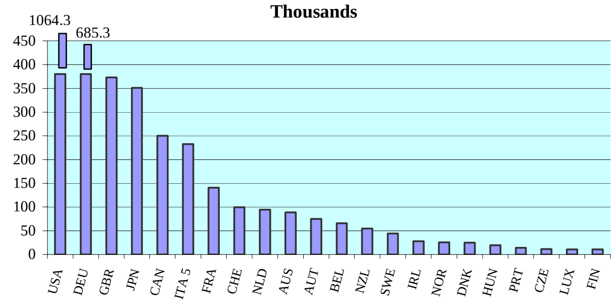


Both short and long durations

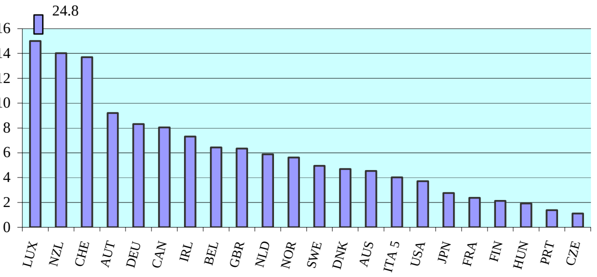


Inflows of foreigners in 2001
Thousands, per 1 000 inhabitants and per 100 foreigners

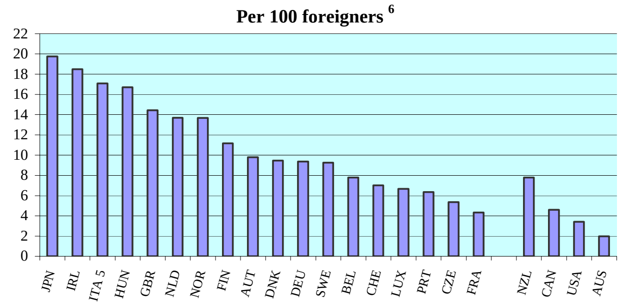
Thousands



Per 1 000 inhabitants



Per 100 foreigners [6]



Note: Data for the United Kingdom have been revised and come from the International Passenger Survey; for New Zealand, refer now to residence approvals. For Australia, Canada and the United States, data relate to new permanent immigrants; for France and South European countries, data are issued from residence permits.

For Australia, data refer to fiscal year (July to June of the given year) and for United States, data refer to fiscal year (October to September of the given year).

For all other countries, data are based on Population Registers.

1. The host countries have been split into 4 groups according to the duration of the resident permits. The first group relates to the countries in which inflows refer only to permanent stay; the second and the third, where the duration of stay is greater than one year; and the fourth group refers to both short and long durations of stay.
2. Excluding immigrants legalised in the United States under IRCA regularisation programme.
3. Data for Ireland come from LFS and include persons who have a residence in Ireland and who did not live there one year ago.
4. Excluding Iceland. Data for Nordic countries include Norway figures which cover envisaged stays for more than six months.
5. Including foreigners who benefited from the 1998 regularisation programme.
6. For Australia, Canada, New Zealand and the United States, inflows in 2001 are related to the stocks of foreign-born residents.

Sources: National Statistical Offices, Canada: Census 2001. For more details on sources, refer to the Statistical Annex of *Trends in International Migration* (OECD, 2003).

Keynote Report

WILL THERE BE "EAST ASIAN WAY" OF REGIONAL ECONOMIC INTEGRATION? - FROM THE STANDPOINT OF MIGRATION POLICY -

By

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Is there “East Asian Way” of regional economic integration? -From the standpoint of international migration- [1]

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1 Introduction

In the second half of 1990s, around 2.6 million Asian workers (of which 1.2 million come from outside Asia) reportedly left their countries, while additional 600 thousand people left their country without registering. The increase of foreign workers has been outpaced that of labor force, as such movement has been explained principally by pull factors, in other words, by strong demand for foreign workers (IOM 2003 pp195~196).

The stock of foreign labor in Asia reached already 6.2 million, of which around 4.2 million workers are concentrated in East Asian countries of industrialization, while 2.0 million are working in South Asian countries (IOM 2003, pp196~197)

Here, we should concentrate ourselves to East Asia, where economic growth has been high because of rapid increase in international trade and foreign direct investment.

In most of the host countries, employment is created faster and wage level is higher, therefore, these countries should have to seek for labor force from outside and the present system of temporary labor migration emerged. One characteristic in East Asia is that the labor migration is conducted on a basis of market and a private intermediary has been very active. The Governments do not always conclude bilateral labor agreements and the matching of demand and supply has been left to such intermediaries. Most of the migrant workers are unskilled, while highly skilled migrants are mostly transferred within multinational enterprises, which suggest the importance in East Asia to transfer technology and develop to human resources in this region.[2]

[1] East Asia includes both South East Asia (Singapore, Malaysia, Thailand, Indonesia, and the other ASEAN countries) and North East Asia (Japan, Korea, China etc.),

[2] To avoid misunderstanding, the author would like to stress that international migration cannot be explained by one hypothesis only, such as 1) Pull factor or demand side, 2) Push factor or supply side, 3) economic gap between home and host countries, 6) networking or matching of supply and demand, 4) institutional and policy circumstance. If one of these conditions is not met, international migration may be hindered or may not happen.

This paper should explore possibilities of institutional regional economic integration on international migration. In concrete, we should firstly ask ourselves why East Asia needs economic integration especially after the monetary crisis. Then we should ask about characteristics of legal system of immigration or economic and social performances including activities of social integration of foreigners. Lastly, we are going to make considerations on the future of international migration and migration policies in 2004.

It is hoped that this consideration may serve for creating “East Asian Way” of regional economic integration

2 Why does Asia need institutional economic integration?

Since the first half of 1990s, liberalization of trade and investment has been multilaterally promoted. It should also be stressed that globalization has been going on with three core regions with high dependency in intraregional trade in West Europe, North America and Asia. (Table 1)

The European Community achieved its Single European Market in 1993 and established the European Union. United States, Canada and Mexico concluded the North American Free Trade Agreement in 1994. WTO was established in 1995 followed by the conclusion of Uruguay Round. However, Asia does not have comprehensive institutional regional economic integration other than ASEAN Free Trade Area.

In the year 2001, the total volume of trade in goods amounted to 5, 984 billion dollar; trade in goods 1, 460billion dollar, in total 7,444 billion UN dollars, which is equivalent to 23.4% of World GDP, namely 31, 900billion dollar. Sales of multinational enterprises reached 18,500 billion dollar, their exports amounted to 2,600 billion dollar and their employment 53,581 thousand (WTO2002,UNCTAD2002).

Table 1 Inter- and intraregional economic dependence in terms of trade in goods (2001)

		Destination of exports							
		North America	Latin America	West Europe	Central & Eastern Europe	Africa	Middle East	Asia	World total
Origin of exports	North America	39.5(36.9)	16.5(14.9)	19.0(18.9)	0.7(0.8)	1.3(1.5)	2.1(2.6)	20.9(25.2)	100.0
	Latin America	60.8	17.0	12.1	0.9	1.2	1.2	6.3	100.0
	West Europe	10.3(8.2)	2.3(2.5)	67.5(68.1)	5.9(4.2)	2.5(2.8)	2.6(3.0)	7.8(9.5)	100.0
	Central & East Europe	4.2	2.1	55.2	26.6	1.0	2.8	6.6	100.0
	Africa	17.7	3.5	51.8	0.7	7.8	2.1	14.9	100.0
	Middle East	16.5	1.3	16.5	0.8	3.8	7.6	47.3	100.0
	Asia	25.1(25.9)	2.7(2.5)	16.8(16.3)	1.1(1.0)	1.6(1.3)	3.0(2.5)	48.2(48.5)	100.0
	World	21.9	5.6	40.6	4.2	2.1	2.7	21.7	100.0

Source：WTO Note：（ ）stands for figure in 1995.

Institutional regional integration has not been strongly supported by political leaders in Asia before the monetary crisis in 1997. Just before the monetary crisis, decision was made in ASEAN to start AFTA earlier to cope with the challenges by rapidly growing China.

It was at the beginning of 21st century, that leaders of ASEAN +3 (Japan, Korea and China) agreed upon creation of institutional regional integration in East Asia by 2010 (or 2012). Since 2003, discussion and consultation have been started especially for creating bilateral agreements.

However, the objectives of creating regional integration in Asia have not yet been demonstrated. It is a matter of course that regional integration should be in compliance with the WTO agreements, namely Article 24 of GATT and Article 5 of GATS. Regional integration, or a derogation of MFN principle of WTO agreements, can be allowed, only when it may serve for liberalization of world trade.

In addition, the regional integration in Asia should incorporate additional measures which are not stipulated in WTO agreement, so as to realize more intra-regional economic cooperation. As long-term targets, I would raise two items as follows:

First, ASEAN+3 need regional integration which should prevent repetition of monetary crisis. Reducing volatility in exchange rates and stabilizing financial systems are important to secure fruits of economic development within this region. The benefit of economic development would be lost only by an outburst of monetary crisis.

Second, ASEAN+3 should also develop internal markets so as to realize more self-sustained economic growth and to reduce high dependence on US or EU market. As EU has been established in Europe and NAFTA in North America, export offensives towards these regions may lead to inter-regional trade frictions.

In other words, creating institutional regional integration in Asia is meaningful in reducing risks of globalization (especially by avoiding monetary crisis) and in exploiting opportunities of economic development (especially to realize expansion of internal market) in Asia.[3]

3 Growing intra-regional discrepancies and migration potential

We raised two main objectives, which might justify regional integration in Asia However; we should not overlook realities, which have to do with migration potential

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[3] In addition, regional economic integration may have effects to reduce movement of labor. According to the traditional trade theory, movement of goods, capital and labor are substitutable. In other wards, trade and investment can substitute movement of labor, especially unskilled labor. Therefore, it is not necessary to mobilize amount of labor under regional economic integration, when movement of goods and capital is fully liberalized. When we think about trade in services, the situation will be much more complicated, because trade in services may accompany movement of persons.

within this region. These are damages brought about by the Asian monetary crisis.

When we look at structure of trade, intra-regional trade in Asia has been squeezed after 1997. For example, when you compare the figures in 1995 and 2001, the ratio of intra-regional trade in goods declined and dependence on North American market increased (Again Table 1).

Furthermore, the Asian Monetary crisis had great impact on intra-regional income disparities. Although East Asian economies tried to achieve high economic growth in the first half of 1990s, intra-regional income disparities in terms of GDP per capita in US dollar did not improve substantially especially because of devaluation of currencies after the crisis (Table 2).

Table 2 Changes in GDP per capita in national / foreign currencies in the 1990s

	GDP per capita in local currencies		Change in exchange rate against US Dollar		GDP per capita in US Dollar		Income differences in Dollar	
	1991	2000	1991	2000	1991	2000	**1991**	**2000**
Japan (1000 Yen)	3582	3992	144.88	107.79	24724	37034	**100**	**100**
Korea (1000Won)	5001	11104	707.76	1130.96	7066	9818	**29**	**27**
China (Yuan)	1829	7084	5.3234	8.2785	344	856	**1**	**2**
HK China (HK$)	103010	193299	7.771	7.791	13256	24811	**54**	**67**
Chinese Taipei (1000$)	235	437	27.108	31.395	8669	7184	**35**	**20**
Singapore (S$)	23794	39251	1.7276	1.7240	13773	26954	**56**	**73**
Malaysia (Ringit)	7285	14563	2.7501	3.8000	2649	3833	**11**	**10**
Thailand (Baht)	39104	75026	25.517	40.112	1532	1870	**6**	**5**
Indonesia (Rupia)	1175534	6132505	1950.3	8421.8	603	728	**2**	**2**
Philippines (Peso)	19595	43687	27.479	44.192	713	989	**3**	**3**
Vietnam (Don)	1140760	5688749	10,037	15,280	114	373	**0.5**	**1**

Source: Asia Development Bank, IMF and Bank of Japan

It is very strange that irrespective of rapid economic growth, intra-regional income disparities did not improve substantially. This may have important consequences on international migration in Asia. Now we can assume that intra-regional potential of migration movement has been maintained or even growing.

During the course of recovery from the monetary crisis in 1997 and the recession after the IT boom in 2000, the performance of East Asian economies has been more diversified. The accession of China to WTO in December 2001 seems to have accelerated such tendencies.

Table 3 Real GDP growth in East Asia (%)

	1998	1999	2000	2001	2002	2003(estd)	2004(proj)
Japan	-1.1	0.7	2.6	-0.3	0.3	2.0	1.4
Korea	-6.7	10.9	9.3	3.1	6.3	2.5	4.7
China	7.1	7.8	8.0	7.3	7.4	7.5	7.5
Hong Kong, China	-5.0	3.4	10.2	0.6	2.3	1.5	2.8
Chinese Taipei	4.6	5.4	5.9	-2.2	3.5	2.7	3.8
Singapore	-0.9	6.4	9.4	-2.4	2.2	0.5	4.2
Malaysia	-7.4	6.1	8.3	0.4	4.2	4.2	5.3
Thailand	-10.5	4.4	4.6	1.9	5.2	5.0	5.1
Indonesia	-13.1	0.8	4.9	3.4	3.7	3.5	4.0
The Philippines	5.8	3.4	6.0	3.0	4.4	4.0	4.0
Vietnam	5.8	4.8	6.8	6.9	7.0	6.0	7.0

Source: Asian Development Bank (2003) Estimates/projections: IMF (September 2003)

Although China and Vietnam achieved high real GDP growth and Korea experienced rapid expansion utilizing trade linkages with China, Indonesia and the Philippines could not be smoothly recovered because of political instability and weak competitive advantage as location of production site. Singapore and Malaysia could not well overcome cost disadvantages after the collapse of IT boom. Hong Kong China and Chinese Taipei suffered much from deflationary pressures from Chinese economy. Among others, Thailand attracted investment in automobile and electronics industries and achieved successful recovery. Japan remains under deflation and showed some signs of recovery.

Growing disparities can be observed in labor market situation in East Asia. Unemployment rate declined clearly in Korea and Thailand, while unemployment in Indonesia and the Philippines remain high. Hong Kong China and Chinese Taipei experienced rising unemployment rate. Unemployment rate has been stabilized after worsening since the monetary crisis in Japan, Singapore and Malaysia. Even in China (and Vietnam), unemployment rate (or underemployment rate) has been rising because of liberalization of trade or restructuring of state sector.

These phenomena suggest that East Asia is not able to reduce its migration potential especially of unskilled and semiskilled workers as the result of greater intra-regional discrepancies.

The author proposes the third target of regional economic untegrato constantly reduce such enormous discrepancies and to realize more orderly movement of persons in the region when integration process realized.

Table 4 Unemployment in East Asia (%)

	1997	1998	1999	2000	200 1	2002
Japan	3.4	4.1	4.7	4.7	5.0	5.4
Korea	2.6	6.8	6.3	4.1	3.7	3.1
China	3.1	3.1	3.1	3. 1	3.6	4.0
Hong Kong, China	2.2	4.7	6.3	4.9	5.1	7.3
Chinese Taipei	2.7	2.7	2.9	3.0	4.6	5.2
Singapore	1.8	3.2	3.5	3.1	3.3	4.3
Malaysia	2.4	3.2	3.4	3.1	3.6	3.5
Thailand	1.5	4.4	4.2	3.6	3.4	1.8
Indonesia	4.7	5.5	6.4	6.1	8.1	9.1
The Philippines	8.7	10.1	9.8	11.2	11.1	10.2
Vietnam	6.4	6.9	7.4	6.4	6.3	6.0

Source: Asian Development Bank (2002), APEC (2002) and national data
Note: The data of China and Vietnam relate to urban areas.

These points have not yet been proposed in discussion or negotiation for concluding free trade agreement or economic partnership agreement.

Nevertheless, one may naturally think that income discrepancies within East Asia might have been reduced more smoothly, when there were no monetary crises in 1997. It should be recognized that instability of currencies within this region has its consequences of growing potential for international migration.

4 Legal framework for international movement of persons in the region

Here, we are going to discuss characteristics of the system on international migration in East Asia (Table 5).

First of all, the legal framework of international migration is much diversified according to countries and regions. Naturally, there are some groups of countries, whose system was introduced from Great Britain, United States or countries of European Continent. But, there has been almost no measure for harmonization taken after the World War II. One exception might be the commitment on movement of natural persons according to GATS in the Uruguay Round negotiation.

Second, one notable characteristic is that their movement is temporary. Most of the countries do not have any system for permanent immigrants except in some special cases for Hong Kong China to encourage investors by giving permanent resident status.

However, adjustment of status after having landed in a country to permanent resident status has been introduced in several countries.

In some economies like Singapore, Hong Kong China or Japan, where fertility rate is declining very fast and importance of assuring the highly skilled workers has been acknowledged, adjustment of status and encouragement for acquiring permanent resident status will be very important.

Table 5 Legal framework of migration policies in East Asia

	Temporary permit for residence and working	Acceptance of permanent migrants directly from abroad	Posi-tive list	Labor market testing	Quota or maxim-um rate	Intra-Cor-porate transfer	Invest-ment Pro-Motion with persons	Change from Student to worker after graduate-ing	Trainee -ship	Bi-lateral agreem ents
Japan	○		○			○		○	○	
Korea	○		○	○		○		×	○	○
China	○						○	×		
Hong Kong, China	○	□	○		□	○		×		○
Chinese Taipei	○				□		○	×		
Singapore	○	□	○		○		○	×	○	
Malaysia	○		○		○		○	×		○
Thailand	○		○				○	×		
Indonesia	○		○		○		○	×		
The Philippines	○		○				○	×		○
Vietnam	○		○				○	×		

By the author base on national laws and regulations
Note: ○ : existent × : non-existent □ : special scheme No marking : No information

Third, labor market testing is not always implemented in its strict sense, although many countries have work permit system or employment permit system.

Labor market testing has many things to do with the functioning of labor market system. In developing countries, where public employment service as well as unemployment insurance is non-existent, it is not possible to make labor market testing function.

Korea introduced employment permit system for unskilled labor with labor market testing from 2004.

Fourth, system of intra-company transfer has not yet substituted investment promotion with the acceptance of natural persons.

The intra-company transfer is adequate for multinationals to reorganizing intra-regional networking. Employment permission in the case of foreign direct investment may be flexible but not so transparent.

Fifth, generally speaking, bilateral labor agreement is underdeveloped in East Asia, although it is necessary to regulate flow of migrant workers from one country to another.

Sixth, status adjustment of students accepted in the host country has not yet been in practice. For the policy to welcome students to come and work after graduating universities. It is important

Seventh, treatments of trainees are not always the same among receiving countries. The training System for foreigners is very important to realize transfer technologies. It is desirable to try to reform such systems and to make it function internationally.

5 Economic and social performances of international migration

When we look at the flows of migrants in East Asia, unskilled labor from developing to developed countries occupies the majority, while highly skilled workers, especially those of intra-corporate transferees, are moving in both directions.

Therefore, every country or economy in East Asia which is sending and receiving countries (Table 6)

When we look at the stock of migrants in East Asia, unskilled and Semi-skilled workers are in growing tendency, while highly skilled workers fluctuate according to the flow of foreign direct investment (Table 7).

Feminization of workers can be observed, as NIEs require more housemaids, as the result of high female labor participation.

Service of medical care and care for the elderly are also important in East Asia. Chinese Taipei introduced this scheme.

In general, the effect of accepting foreign labor in East Asia is complementary to employment of national workers. There may be several reasons. First, the acceptance of foreign workers is temporary and they are not allowed to change their status. Second, foreigners are working where nationals do not want to work. Third, the rotation system, which was not successful in Europe, has been functioning. Fourth, the wages of foreign workers are not very low in comparison with national workers.

However, it is not possible sometimes for foreigners to stay longer. .

Concerning social integration, discussions in East Asia are not always comparable with the counterparts in Europe. However, there are some overlapping elements. Especially at the initial stage of foreign workers, medical care and prevention of sickness and overworking are of great importance.

Coverage and eligibility of foreign workers by social security should be guaranteed by bilateral social security arrangement. When social security system develops in East Asia, needs for such international arrangements will grow in the near future.

Table 6 International Migration in East Asia in 2001 (in thousand)

		Labor Force	Flow: Inflow Of Foreigners	Flow: Outflow Of Nationals	Stock: Foreigners Working Inland	Stock: Nationals Working abroad
Japan		67,420	142(130)	(55)	**740(710)**	(61)
Korea		21,417	(37)	251	**325(285)**	[56]
China	Mainland	753,600	-	475(426)	**65(63)**	-
	Hong Kong	3,430	(20)	-	**235(217)**	[50]
	Taipei	9,832	-	-	**293(321)**	[120]
Singapore		2,129	-	-	**612(530)**	[15]
Malaysia		9,892	259(231)	-	**(880)**	[200]
Thailand		34,482	93(103)	160(191)	**1103(1090)**	[550]
Indonesia		98,812	20(15)	339(435)	**33(35)**	[1,600]
Philippines		33,354	[6]	867(841)	**[29]**	(4,940)
Vietnam		40,800	-	(32)	-	(300)

Source: By the author in reliance upon national data and estimates.

Notes: ( ) stands for 2000. [ ] stands for a year other than 2001 and 2000. Foreign workers in Japan include illegal residents and exclude foreigners with permanent resident status. Foreign workers in Korea include illegal residents and trainees. The outflow from China means those who are in the official project-tied labor exports. The nationals working outside Hong Kong China stands for those in 1990. Foreign workers in Malaysia include only unskilled and semi-skilled workers. Foreign workers in Thailand means registered illegal foreign workers.

Table 7 Number of foreign workers in East Asia (in Thousand)

	1996	1997	1998	1999	2000	200 1
Japan	610.0	630.0	660.0	670.0	710.0	740.0
Korea	210.5	245.4	157.7	217.4	285.5	330.2
China	80.0	82.0	83.0	85.0	-	60.0
HK China	164.3	171.0	180.6	193.7	213.1	235.2
Chinese Taipei	—	245.7	255.6	278.9	320.8	293.9
Singapore	—	—	—	530.0	612.2	590.0
Malaysia	745.2	1471.6	1127.7	818.7	799.7	805.6
Thailand	1033.9	1125.8	1103.5	1089.7	1102.0	1055.3
Indonesia	48.7	35.2	33.3	21.3	14.8	20.0
The Philippines	4.3	6.1	5.3	6.0	5.6	6.1

Source: By the author in reliance upon national statistics and estimates.

Note: Number of Japan includes overstayers. The number in Korea includes overstayers and Trainees. HK China stands only for house maids.

6 Evaluation of legal framework, performances and future prospects

1) Based on the above discussions, we are able to make evaluation of present legal system and economic/ social performance as well as to consider future prospects. The followings are important points which should be essential part of "Japanese Way" of regional Economic Integration. The intra-regional gaps of income and employment may be an important factor to explain growing potential of migration. In East Asia, monetary crisis has offset improvement of intraregional income gaps. Therefore, stabilization of national currencies within the region as

well as measures to reduce such intraregional gaps is essential to realize regional economic integration.

2) With multilateral economic integration, commercial presence of enterprises may be relocated or reorganized within the region to achieve more effective production of goods or provision of services. Therefore, intra-corporate transfer including training should be facilitated within the region.
3) To cope with global competition of the highly skilled, there should be cooperation among member countries to develop human resources, to attract them with R&D facilities and to encourage them to "reverse brain drain".
4) To cope with further liberalization of trade in services, the so-called "Mode 4" should have to be discussed. However, within regional economic integration, additional labor regulation to curb "social dumping" is unavoidable.
5) Facilitating movement of natural persons through mutual recognition of qualification is not always effective. Important thing is whether the qualification is essential for the professional activity and whether the qualification is widely used in the industry.
6) Free Trade Agreement or Economic Partnership Agreement should have to allow member countries to conclude specific labor agreements with a specific country on acceptance of unskilled labor. However, it cannot be excluded that these agreements may affect real competitive conditions of such a country. Therefore, it should be studied, under which conditions such bilateral agreements are permissible.
7) Social security agreement can facilitate cross-border movement of workers, especially when the eligibility of old-age pension can be guaranteed with relatively short duration of stay in each country. The workers would be willing to go abroad when there are no anxieties after retirement. Avoiding double imposition of social security contributions are also beneficial for foreign companies, when they dispatch their staffs from home country to host country. This may directly affect competitive conditions of foreign enterprises invested in foreign countries. Therefore, social security agreements should be an essential part of economic integration.
8) Irregular migration takes place very often induced by large income gaps. Intermediaries are collecting high commissions, and the workers should have to pay for them through illegal working in host countries. Alleviation of illegal working seems to be made through crack down of intermediaries and workers. However, it cannot reduce potentials of irregular movement of unskilled workers. Excess labor problems cannot be solved by crack-downs either. It is desirable to take more effective measures to reduce incentives to emigrate irregularly. Such a policy is indispensable too, for maintaining regional economic integration.

7 Conclusions

The theories of economic integration and the international trade laws have been initiated on the experiences in Europe. However, the history and conditions of Asian economic integration, which is driven mainly by market forces, are substantially different.

First of all, the regional economic integration in Asia has heavy burden of huge income disparities and enormous amount of excess labor. Therefore, regional economic integration in Asia should mean overcoming these conditions. Free movement of labor is almost impossible in Asia for this century, when these conditions are not removed.

At the same time, movement of labor is very important in Asia to realize transfer of technologies. Intra-regional networking of enterprises can benefit from large income disparities and serve for establishing common technology platform in this region. The movement of intra-corporate transferees as well as trainees should be facilitated. It may also contribute to establishing R&D centers in developing countries and to realize "reverse brain drain". (Iguchi 2004)

Controlling and managing movement of unskilled labor is a very difficult task for Asia. Even under free trade agreement or Economic Partnership Agreement, movement of unskilled labor cannot be liberalized and bilateral labor agreement between specific countries may remain. According to traditional trade laws, it seems very strange. However, bilateral labor agreement may play an important role in future too.

If there is a country, which send enormous number of migrant workers to low-paid jobs abroad and accept only small amount of direct investment with limited transfer of technology, the best migration policy may be not to enlarge acceptance of such workers in neighboring countries as much as possible, but to stimulate economic development of the country.

Now is the real start for us to recognize "East Asian Way" of regional integration.

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Keynote Report

REGIONAL PATTERNS
OF INTERNATIONAL
CO-OPERATION ON MIGRATION ISSUES
IN ASIA, PRESENT AND FUTURE:
AUSTRALIA

By

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INTRODUCTION

Australia has a longer history of planned immigration than most contemporary nations. With some 112 countries having more than 1,000 settlers in Australia, it has significant migration linkages with a majority of the world's countries and with 23 percent of its residents born in a foreign country, it owes more to migration than most other nations. It is not surprising then that Australia has had a Minister of Immigration for the last 50 years and a separate national government department devoted to issues of immigration and settlement. Moreover, it has long had major involvement in bilateral and multilateral organisations, agreements and discussions on migration issues. There is a long history of bilateral and multilateral engagement with other OECD nations in immigration. In 2003, for example, Australia had a substantial involvement in The Intergovernmental Consultations (IGC) on Asylum, Refugees and Migration Policies in Europe, North America and Australia, and in April 2003, it renewed its joint declaration with the European Union in a document entitled "*An Agenda For Co-operation*", (Rizvi 2003, 66). The present paper briefly describes recent developments in Australia's involvement in regional co-operation on international migration issues in the Asian region.

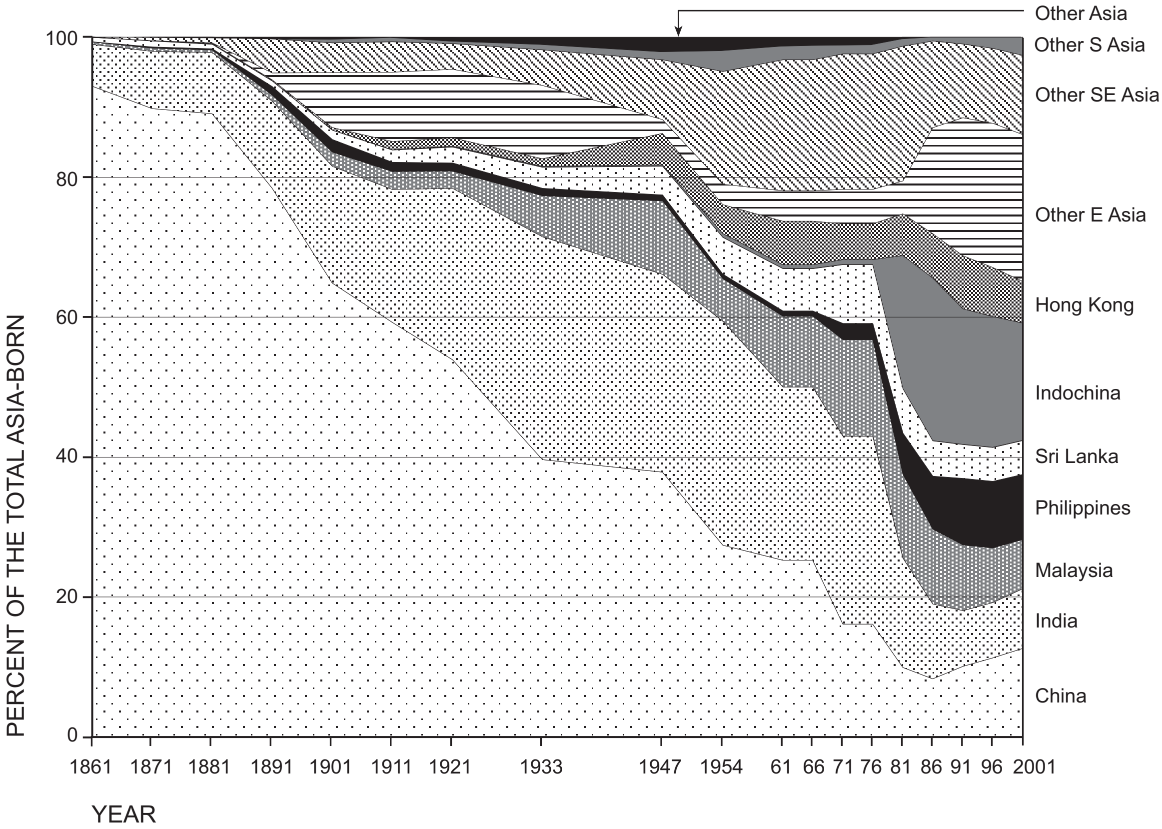
BACKGROUND

Asian migration to Australia changed dramatically in the 1970s. This decade saw the final demise of the infamous White Australia Policy (Price 1974), which actively discriminated against non-Europeans in immigrant selection. Accordingly, as Table 1 indicates, there was a subsequent increase in the proportion that Asians made up of the intake of settlers into Australia. The first major wave was of refugee and humanitarian settlers from the former Indo China but as Figure 1 indicates, there have since been major inflows from other Asian nations, although the significance of different national groups has varied over the last 30 years.

Table 1: Australia: Asia-Born Population, 1861-2001
Source: Price *et al*., 1984; Australian censuses

Census Year	Asia-Born	Percent of Foreign-Born	Percent of National Population	Inter-censal Growth Per Annum	Census Year	Asia-Born	Percent of Foreign-Born	Percent of National Population	Inter-censal Growth Per Annum
1861	41,892	5.79	3.63		1961	57,490	3.23	0.55	+6.21
1871	32,057	4.15	1.93	-2.64	1966	71,383	3.35	0.62	+4.42
1881	43,251	5.23	1.92	+3.04	1971	107,753	4.18	0.84	+8.58
1891	45,670	4.53	1.44	+0.54	1976	152,159	5.60	1.12	+7.14
1901	45,533	5.23	1.21	-0.03	1981	264,044	8.79	1.78	+11.65
1911	35,040	4.60	0.79	-2.59	1986	413,158	12.72	2.69	+9.37
1921	28,143	3.34	0.52	-2.17	1991	687,850	18.32	4.17	+10.73
1933	21,521	2.38	0.32	-2.21	1996	856,144	21.91	5.00	+4.47
1947	19,563	3.89	0.38	-0.68	2001	980,036	23.87	5.53	+2.74
1954	37,704	2.93	0.42	+9.83					

Figure 1: Australia: Birthplace of the Asian Population, 1861 to 2001 (Percent)
Source: Price *et al.*, 1984; Australian censuses 1986 to 2001



Until relatively recently however, much of the Australian interaction with Asia over immigration has been bilateral. There have been exceptions. Indeed one of the most important regional migration agreements came in the 1950s with the development of the Columbo Plan, which is concerned with student migration in the region. This scheme brought several hundred students from Asia to study in Australia over the next few years. In the following decades, significant multilateral involvement was limited until relatively recently. One of the exceptions was the development of the Orderly Departure Program an arrangement made for several receiving countries to accept refugees from Vietnam in an orderly way so that they are not forced to use people smugglers. The last two decades have seen a massive increase in the scale and significance of international migration in the Asian region (Table 2). The increased movement to Australia has been only one element in that change with all nations in the region now being influenced by significant movement into or out of their country or both. Paradoxically in an area that is so quintessentially international, binational and multilateral co-operation on international migration in the region has been slow to develop. This paper focuses on two of the most significant developments in regional co-operation in recent years in which Australia has had an involvement. They are focussed on two specific types of international migration in the region – the mobility of business people and undocumented migration.

Table 2: Australia: Arrivals/Departures by Country of Residence/Main Origin/Destination, 1975, 1998-1999 and 2002-03

Source: ABS *Overseas Arrivals and Departures* Bulletins; DIMA Movements Data Base; DIMIA, unpublished data

	1975			1998-1999			2002-03		
	Total	To/From Asia		Total	To/From Asia		Total	To/From Asia	
	No.	No.	%	No.	No.	%	No.	No.	%
Short-term arrivals*	516,023	72,325	14.0	4,288,027	1,769,494	41.3	4,662,917	1,832,176	39.3
Long-term arrivals	78,210	5,756	7.4	187,802	75,028	40.0	281,429	132,867	47.2
Permanent settlers	54,117	8,566	15.8	84,143	27,119	32.2	94,929	35,603	37.5
Total arrivals	648,350	86,647	13.4	4,559,972	1,871,641	41.0	5,039,275	2,000,646	39.7
Short-term departures**	911,815	172,964	19.0	3,188,692	431,407	13.5	3,391,638	516,069	15.2
Long-term departures	89,732	6,088	6.8	140,281	40,029	28.5	172,722	55,349	32.0
Permanent departures	29,084	487	1.7	35,181	5,622	16.0	50,949	8,141	16.0
Total departures	1,030,631	179,539	17.4	3,364,154	477,058	14.2	3,615,309	579,559	16.0

* Short-term visitor arrivals
** Short-term resident departures

THE APEC BUSINESS TRAVEL CARD SCHEME

One of the defining elements of globalisation has been the increased movement of business people associated with the enhancing of international financial flows, trade and investment. To facilitate regional trade and investment APEC (Asia-Pacific Economic Co-operation), at its November 1996 meeting at Subic Bay in the Philippines, set up the APEC Business Mobility Group (BMG) with Australia as the convener. One of APEC's main objectives is to stimulate economic growth in the region and reduce barriers to the free flow of trade. The challenge facing the organisation and governments is to find ways of doing this without compromising national security and the integrity of national borders. The task of the BMG was to assist this process by removing barriers to the flow of business people within the APEC region, (Rizvi 2003, 34).

The BMG became operational in 1997 and had the following specific objectives, (DIMIA 2003, 1)…

- To simplify short-term entry arrangements for business visitors.
- To streamline processing for skilled persons seeking temporary residence.
- To develop transparent regulatory arrangements to allow for seamless cross border movement.

The BMG is one of 12 expert working groups which report to the APEC Committee on Trade and Investment. All 21 countries are represented on the BMG and it meets three times each year. The representatives are mainly senior immigration officers of the member economies. The initial convener and chair was a Deputy Secretary of the Australian Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) and the fact that Australia has substantial expertise in this area has resulted in Australia retaining the chairing of the group over its whole life. This is unusual in APEC where there is a strong process of rotating the chairing of committees. However, in this case, members have insisted on Australia retaining the chair. While there have been some changes in the membership of the committee, there is a high degree of stability and it seems that strong working relationships have evolved and been one of the reasons for its success. After each of the 3 meetings each year, the convener provides a full report to the APEC Committee on Trade and Investment.

An important initiative of the BMG was the development of the *APEC Business Travel Card Scheme,* which is administered by Australia on behalf of the BMG. The idea of the card is to simplify the entry of cardholders into the participating countries, to provide for flexible travel arrangements of business and reduce the time and costs for applying for entry visas and permits into participating countries.

The card is issued to people who make application and meet the following criteria …

- Applicants must be a passport holder of a participating economy. Hong Kong (China) is a special case where card applicants must be permanent residents.
- They must prove they are a genuine business person who travels frequently within the region for trade and investment purposes.
- They must not have a criminal conviction or charges pending against them.
- In some countries they are required to have endorsement from a leading business organisation within their economy such as a national chamber of commerce.

The ownership of a valid card means that business people can make multiple short term entries in participating countries for a stay of up to 90 days. They do not have to apply for individual entry permits or visas for each visit and there are no visa labels placed in passports. They only need to fill out one form to obtain the card. The card is valid for three years. It is the same size as a credit card. They obtain streamlined express immigration processing in international airports by passing through specially marked APEC lines.

The details of each card applicant once vetted by the applicant's home government and are sent electronically to each participating country for pre-clearance. Each of the countries receiving the details then checks the applicant's details against their alert lists and other data bases they use for checking incoming arrivals. Only then is the applicant pre cleared for entry. It provides each country with a high degree of integrity assurance since there is a "double vetting" of applicants by the sending and receiving country so that their bona fides are fully checked. To date there is no evidence of fraud in the system. Any receiving country reserves the right to refuse pre-clearance without providing a reason if they choose to do so. The BMG has developed a set of principles, procedures and standards (The 'ABTC Operating Framework'), which provides the framework for implementation and management of the scheme in their own country.

The way in which the system operates is depicted in Figures 2 and 3. The system is focused on a database maintained in Canberra by Australia's Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) on behalf of the BMG. All member economies control the data inputted regarding their own nationals and have final say on who can get in. All member countries have full access to the system and it is a fully shared database. As Figure 2 shows, the applicant submits a completed form. The Australian application form is included as Appendix A, but in each country the form is similar. The applicant is then checked against the Home Country's databases to ensure that she/he is a *bona fide* applicant. It is then passed on to other participating economies through the system who check the person against their files and report back to the database if clearance is granted. The best practice standard adopted by the BMG is for this process to take a maximum of 3 weeks. However, some countries are still finding it difficult to meet this standard. In effect, this processes an application for entry pre arrival. Upon arrival it is necessary

Figure 2: The APEC Business Travel Card Scheme: Processing Home Applicants
Source: APEC Business Mobility Group

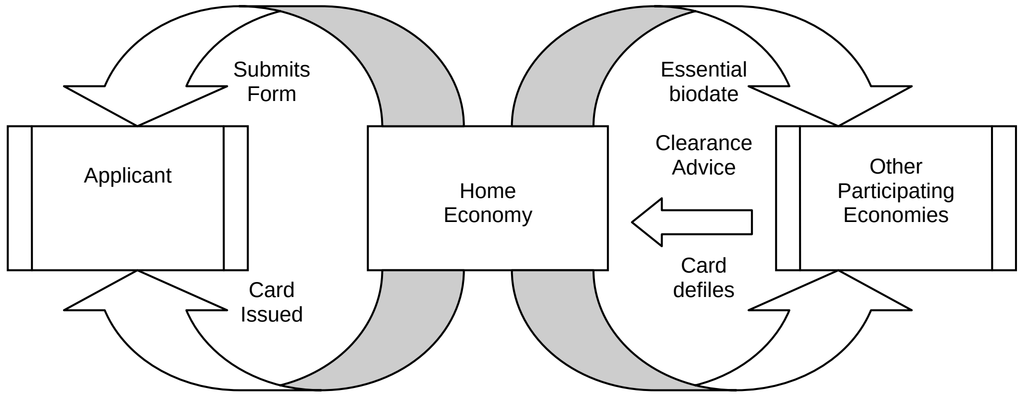
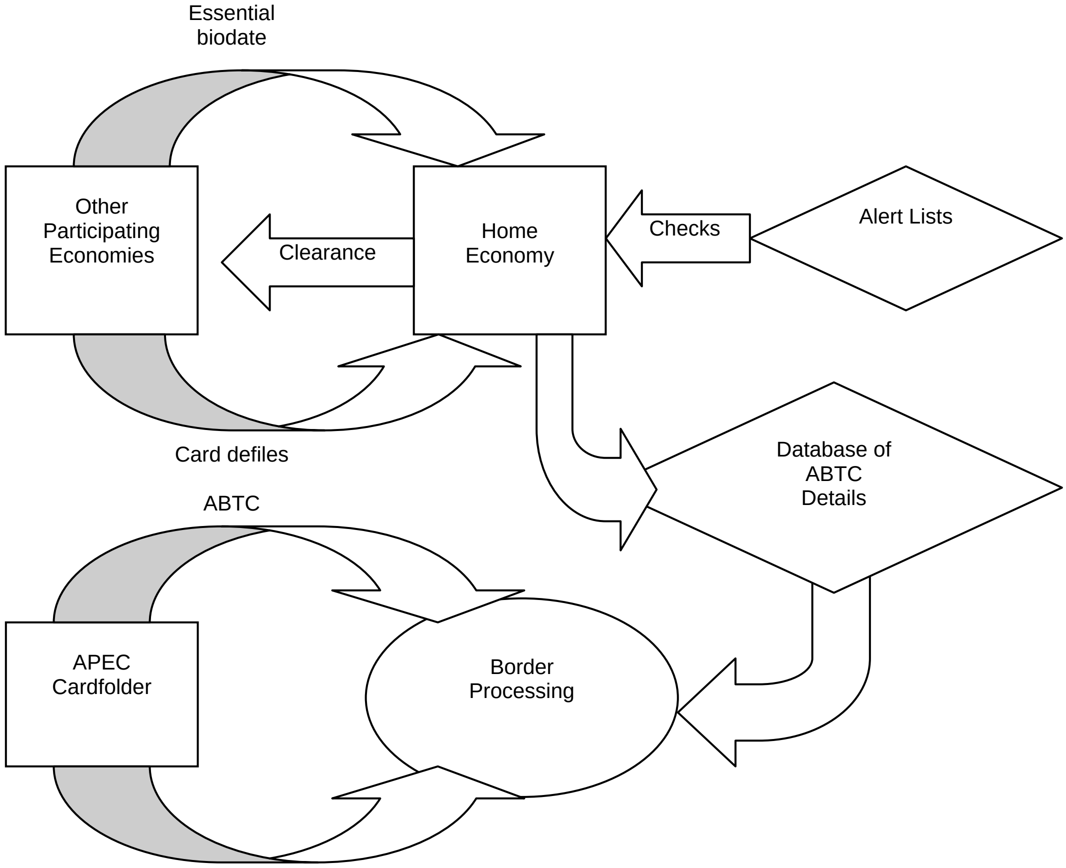


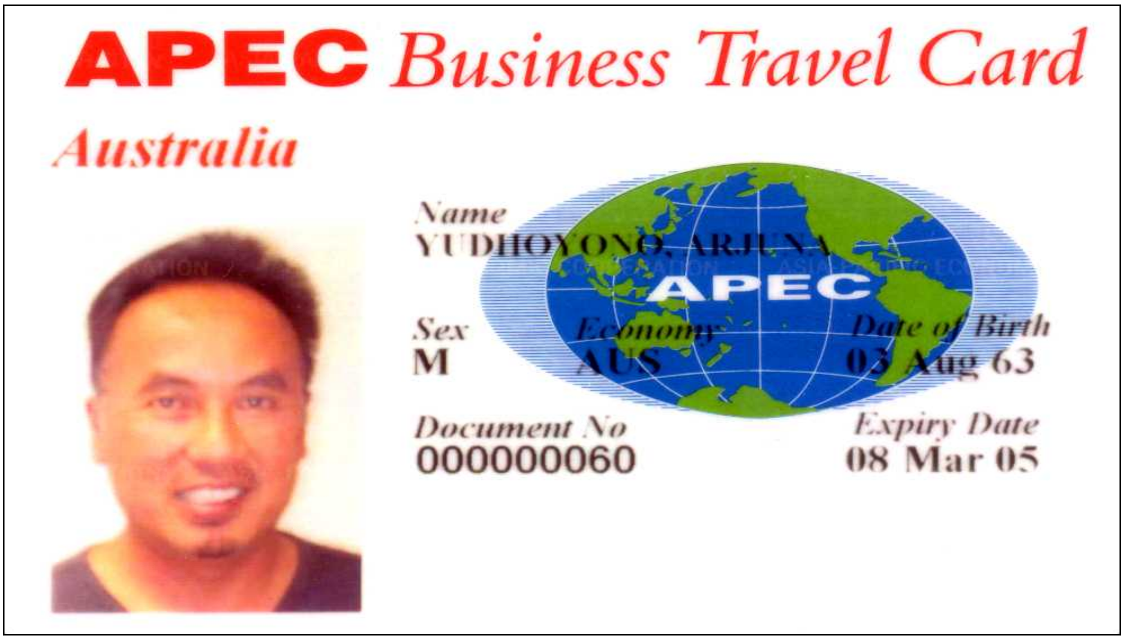
Figure 3: The APEC Business Travel Card Scheme: Processing Applicants From Other Economies
Source: APEC Business Mobility Group



for the cardholder not only to produce the card but also her/his valid passport and the information on the two documents must coincide.

The card itself is shown in Figure 4. At present the card is quite low technology so it can be used by all economies in the region. It does not incorporate smart card technology or contain a chip, although this may be the case in the future. It has a machine readable code on the back and has ultra violet and holograph identifiers. Most cards are produced in a factory in Sydney. The front of the card has the name, gender, date of birth, expiry date, document number and a photograph of the cardholder. The back has passport details, the countries the card is valid for and the machine readable code. An interim card is sometimes issued if there are extended delays in getting approvals from some of the destination countries.

Figure 4: The APEC Business Travel Card



The scheme was first trialed in 1997 in three APEC member countries which each experience significant migration – Korea, the Philippines and Australia. The evaluation phase took over a year and the scheme commenced on a permanent basis in March 1997. At the end of 2003, 15 of the 21 APEC members have joined the scheme – Australia, Brunei Darussalam, Chile, China, Hong Kong (China), Indonesia, Japan, Korea, Malaysia, New Zealand, Peru, the Philippines, Chinese Taipei, Singapore and Thailand. Moreover, it is anticipated the remaining 6 economies will join in the near future (DIMIA 2003, 2). Moreover, while not all APEC economies have not yet joined the scheme, all have agreed on a best endeavors basis to implement one or more of the following (Rizvi 2003, 33) …

- Visa free or visa waiver arrangements for business people.
- Participation in the APEC Business Travel Card Scheme.
- At least three years multiple entry visas for business people.

All APEC members have at least one of these in place.

The success of the scheme has been recognised by the APEC country leaders as a model of the "Pathfinder Approach" which is now being used within APEC to progress other projects. This eschews the usual method of a "lowest common denominator" approach, which involves acting only on a basis that is agreeable and technically possible to all participating countries. Instead it enables those countries that are able to move faster on some initiatives to proceed to do so thus building the momentum for wider implementation. Some characteristics of this process are …

- The trial by a few countries to prove its viability.
- An open co-operative approach building confidence and operational strength.

- Provision of technical assistance, training and initial funding to facilitate its implementation in some countries.

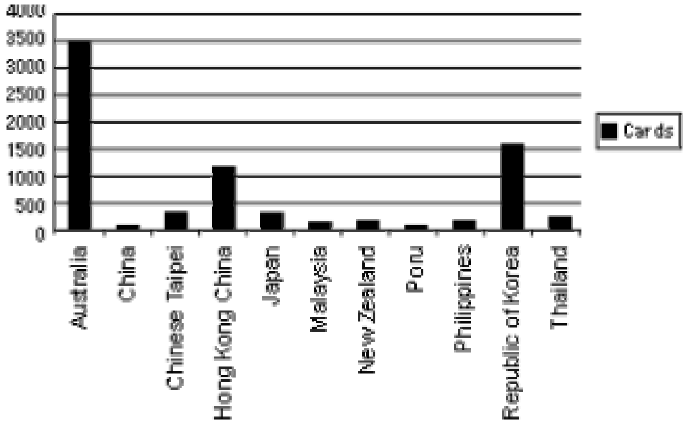
As of 28 January 2004, there were 7,720 Active APEC Business Travel Cards and

indicates how this is distributed between economies in the region. It will be noted that Australia accounts for over 40 percent of the active cards in early 2004. This is a reflection partly of the significant publicity campaign[1] presented in Australia. In addition, the Australians entered the program at its earliest stage and have been the conveners and administrators of the program since its inception. The Australian process of obtaining the card is also more straight forward than say in Japan where it is only granted to business people from companies with more than $million 50 turnover and people who gain approval from a chamber of commerce. The Republic of Korea and Hong Kong, China are the other main users of the scheme. They also were early entrants into the programme. There is an initial period in which both immigration officials and business people gain experience and confidence in the system.

Table 2: Number of Active APEC Business Travel Cards: 28 January 2004
Source: Business Mobility Group, unpublished data

Australia	3,498
Chile	79
Chinese Taipei	363
Hong Kong, China	1,160
Japan	321
Malaysia	107
New Zealand	178
Peru	18
Philippines	164
Republic of Korea	1,598
Thailand	234
Total	7,720

Figure 5: Cards Issued and Cancelled



[1] For example recently Australia's largest 500 companies were sent details of the scheme in a recent promotional campaign.

OTHER BMG ACTIVITY

The BMG has also agreed on a service standard for processing applications for, and extensions of, temporary residence permits for executives, managers and specialists transferred within their companies to other APEC economies (Rizvi 2003, 33).

Almost all APEC countries have reported meeting this standard. An important task of the BMG is to build capacity across the region in the area of processing international arrivals and departures. The strategy adopted has been to first set standards agreed by all APEC economies and then to implement them in both developed and developing economies in the region. Hence, in addition to developing and agreeing to detailed standards for:

- Short term business visitor movement.
- Temporary residence in respect of company transfers and specialists as described above.

Standards have also been for:

- Provision of information on temporary travel arrangements.
- Travel document examination regimes and documentation of travel, document fraud.
- A project to develop a professional immigration service through better training, streamlined practices.
- Implementation of Advanced Passenger Information (API) systems.

Standards have also been drafted for:

- Improving the security of travel documentation through workshops.
- Enhancement of immigration legislation infrastructure (DIMIA 2003, 7).
- A project to explore the feasibility of establishing a pilot regional movement alert system, designed to strengthen the capacity of border management agencies to detect stolen and fraudulent documentation and persons of concern.

Detail of the work of the APEC Business Mobility Group is available on their website: www.businessmobility.org

One of the most important developments in capacity building in this area is in the implementation of API (Advanced Passenger Information) systems, which enable all passengers to be processed in advance of arrival in destination countries by instituting the check at the point of checking in to board aircrafts and sea vessels at the point of origin. In 2003 the following were achieved in this area. In 2003 (Rizvi 2003, 33-34)

- Standards were agreed for implementation of API systems.
- 13 economies have agreed to undertake a feasibility study to assist them assess their capacity and needs in order to implement the system.
- 7 economies have committed to, or have already implemented the API.

API systems give advance notice to border control agencies of who is traveling to their country allowing their details to be pre processed and checked against relevant alert lists. This means that arrangements can be made to stop people with particular details being turned back on arrival or even to be prevented from boarding the plane in the origin nation until their *bona fides* have been verified. The system uses the international airline booking system. Australia introduced mandatory Advanced Passenger Processing (APP) in January 2003. This obliges all airlines to provide their passenger data. There is the capacity to check the name of an individual about to board a flight against the Australian visa database and its alert lists and for a boarding directive to be provided automatically and in real time at the point of departure.

So that API can be implemented in APEC countries as quickly as possible, the BMG has developed an implementation plan (May 2003). This plan follows the system used to introduce the APEC Business Card Travel Scheme…

- Stage One: Adoption of a Common Standard for implementation of API
- Stage Two: Conducting an API feasibility study to assist economies in assessing the infrastructure.
- Stage Three: Implementation.

The first stage was achieved in 2003. There are feasibility studies that have been conducted in Malaysia, Thailand, Philippines, Indonesia and Korea and a further 8 economies will complete them over the next year. The third stage of implementation has been achieved in Canada, Mexico, USA, New Zealand and Australia.

Another major initiative of the BMG has been to initiate a series of training packages and courses to help train police, immigration and customs officials. It is clear that if more effective migration management is to be achieved there will need to be substantial advancements in the development of appropriate infrastructure especially in computer systems. However there are equally crucial needs in human resources and the development of a professional corps of immigration officials is crucial in this. APEC has been involved in a great deal of training activity in this area. The demands on these professionals are likely to continue to increase especially with the introduction of biometric identification and checking the planning of which is advanced in some countries like Singapore. The BMG has developed detailed standards to be aspired to in staff development.

MINISTERIAL CONFERENCES ON PEOPLE SMUGGLING, TRAFFICKING IN PERSONS AND RELATED TRANSNATIONAL CRIME

The increasing scale and significance of people smuggling, trafficking and undocumented migration in the Asian region has seen a number of bilateral and multilateral initiatives of co-operation to combat such activity. One of the most inclusive and significant have been the meetings covered by the Foreign Ministers of Indonesia and Australia in Bali on 26-28 February 2002 and 28-30 April 2003 are the Ministerial Conferences on People Smuggling, Trafficking in Persons and Related Transnational Crime (MCPSTPRTC). This has come to be referred to as the "Bali Process", which is intended to compliment and strengthen bilateral and regional co-operation in this area[2]. The initial meeting involved almost all countries of the

[2] In addition to Indonesia and Australia: Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Democratic Republic of Korea, Fiji, France, India, Iran, Japan, Jordan, Kiribati, Laos, Malaysia, Mongolia, Myanmar, Nauru, Nepal, New Zealand, Pakistan, Palau,

region as well as a number of observer countries and organizations[3] reflecting the increasing significance of this issue in the region as well as globally. There was agreement reached about the nature and importance of the problem, the principles for combating it and for the necessity of bilateral and multilateral co-operation to combat it. The Ministers agreed that they would work towards…

- Developing more effective information and intelligence sharing arrangements within the region.
- Improving co-operation between law enforcement agencies.
- Enhancing co-operation on border and visa systems.
- Increasing public awareness of the facts of smuggling and trafficking operations.
- Enhancing the effectiveness of return as a strategy to deter illegal migration through the conclusion of appropriate arrangements.
- Co-operating in verifying and identifying the nationality of illegal migrants in a timely way.
- Improving technical capacity in the region to respond to the challenges posed by people smuggling, trafficking in persons, including women and children and other forms of illegal migration.

The Ministers established a follow up mechanism to implement the recommendations of the Regional Conference and co-ordinate action that the region could undertake to combat the problems. In particular, the conference set up two *ad hoc* groups of experts.

- Group I co-ordinated by New Zealand whose mandate was to promote regional and international co-operation.
- Group II co-ordinated by Thailand whose mandate was to assist States to strengthen policy making, legislative arrangements and law enforcement practices.

The groups were to report to a follow up Ministerial meeting a year later.

The second Regional Ministerial conference was consequently convened and attended by most of the nations represented in the first meeting. The two groups reported on their activities and both had developed draft action plans. In addition to the activities of the two groups, it was noted that the Bali Process had given impetus to such regional developments as …

- Development of national legislation.
- Criminalize people smuggling and trafficking.
- Agreement of bilateral memoranda of understanding on information exchange.
- Strengthening of domestic law enforcement procedures.
- Capacity building projects on border management.

The meeting reiterated and strengthened the recommendations of the first meeting. The original intention was to offer the second Bali meeting any further follow up required to be passed on to existing

Papua New Guinea, Philippines, Republic of Korea, Samoa, Singapore, Solomon Islands, Sri Lanka, Syria, Thailand, Turkey, UNTAET East Timor, Vanuatu, Vietnam, IOM and UNHCR.

3 Austria, Belgium, Canada, Denmark, Finland, Germany, Italy, Netherlands, Norway, Russian Federation, Spain, Sweden, Switzerland, United Kingdom, USA, ASEAN Secretariat, Pacific Islands Forum Secretariat, EU, UNDP, World Bank, Asian Development Bank, IGC, INTERPOL, International Committee of Red Cross, International Federation of Red Cross, ILO, UN Office of Drug Control and Crime Prevention.

bilateral, regional and international mechanisms to follow up the recommendation. Nevertheless, it was decided to continue the work of the two ad hoc groups to carry out their action plans. This was to be reviewed after one year and in 2-3 years a further Ministerial Meeting would be convened to review progress and give necessary guidance on further follow up.

CONCLUSION

Management of migration has become one of the major challenges facing nations in the contemporary era of globalisation and the massive increase in international population mobility. Population movement is an essential corollary of the benefits that nations can gain through enhanced international trade and investment. However, as countries seek to facilitate and encourage the mobility they see as beneficial, they are faced with pressures of international movement they perceive as not being in the national interest. Accordingly, management of migration has moved into the forefront of many countries' interest. However most countries have little experience in migration management. In the Asian region only a few countries like Australia and New Zealand have a long history of institution development, policy and program formulation and implementation, research and information base and several generations of cadres of immigration and settlement professionals upon which successful migration management systems can be based. In most countries, large scale migration in and out of the country is a relatively new phenomenon and the resources to manage it are limited.

One of the common themes, which have emerged from the many regional meetings on migration in Asia in recent years, especially that addressing increased undocumented migration, has been the necessity for international co-operation, both bilateral and multilateral for the successful management of migration. Despite these calls, the amount of successful international co-operation which has gone beyond the expression of the necessity for such co-operation is limited. The present paper has discussed one of the few instances in the region, which has not only involved consensus and collaboration at a discussion level, but also at an operation level, albeit for a limited number of countries in the region and for a small group of, relatively privileged travelers. However it is apparent that there are a number of encouraging lessons from this experience and these are summarized below …

One lesson clearly is that the development of co-operation takes time. There are no quick fixes. The APEC Business Travel Card Programme started with a feasibility study of a small number of countries and has steadily spread to other countries in the region. Much depends on the development of trust and confidence between countries over time. Co-operation at the operational level in immigration takes time and this must be an essential element in any bilateral or multilateral co-operation. There is clear evidence of the Business Travel Card gaining momentum with more countries becoming involved and more business travelers taking it up.

Another lesson relates to the fact that the BMG began with highly specific and limited objectives and once they had been achieved it has greatly expanded the arena of its activity. There is an important lesson here. It is much easier to get consensus for a limited and highly specific operational objective than it is to seek to get agreement for sweeping and massive intervention. In the case of the Business Travel Card, the level of co-operation required is relatively modest and is not at all threatening to national border integrity. However, once countries have realized that there are benefits to co-operation, the scope can be expanded. Hence, the extension of the BMGs activity into the much broader areas of the API systems and to the development of improved professional immigration officers and infrastructure has extended the influence of their activity on migration management enormously to encompass a much broader group of migrants than the relatively small number of elite business movers. However the later initiatives would have been impossible without the earlier work on the Business Travel Card.

The strategy of three stages in the development of co-operative activity seems to have been quite successful.

- An initial discussion stage where agreement is reached on a set of principles and common standards for the implementation of a particular system.
- Conducting feasibility studies in each country so that the individual problems and issues in those countries can be accounted for.
- Implementation of the system.

  This *modus operandi* clearly can be used more widely.

- Another important principle is that all systems that have been introduced have been within the means of all countries involved to introduce and that funds have been made available to provide the training of staff and assist in the purchase and installation of appropriate infrastructure. Again is accepted that there is an extended period of implementation, which means that some countries will implement a strategy before others but in the long term all adopt it.
- It is clear that advanced computer based information systems are an essential part of migration management strategies. In the case of the Business Travel Card System, the numbers involved are quite small but it has been possible to develop a system that all participating economies can use. In fact it is being considered that the activity is increasing so much, the system will need to be upgraded in 2005. It is clear that advanced computer systems offer some real opportunities for countries to manage their migration better regardless of the level of development of their economies. These systems can give countries greater confidence about their migration management and hence have the potential to give countries greater confidence to allow more mobility for *bona fide* reasons. In this respect, the API initiative will be interesting to watch. Its use of the system already in place for international airline bookings is ingenious and does offer real possibilities to give countries greater confidence in their management of movement in and out of countries.
- Another lesson which must be stressed here is that the BMG's success has clearly been significantly effected by the fact that the long experience, developed institutions and professional knowledge of nations like Australia with a long history and indeed a developed culture of migration have been fully utilized to short circuit development of better systems in countries with a limited history and experience of migration. This dimension is extremely important and the need to recognize that there is a wealth of knowledge in migration management in some countries which can be used to fast track

better migration management in other nations in a trusting, co-operative, equal and longstanding relationship. The fact is that some countries have a longstanding developed culture of migration not only in their society but also in their administrative and bureaucratic systems and others do not. Part of the co-operation between nations in the area must be a transfer of this knowledge and expertise.

- There is a need to provide assistance to less developed countries in the areas of staff training and development and building up infrastructure if enhanced migration management is to be achieved. Capacity building is absolutely fundamental to reformation of migration policy, for international co-operation in migration and in improving migration management in individual countries, bilaterally and multilaterally.

In summary, the experience of the APEC Business Mobility Group is of much wider relevance than it seems at first glance. Clearly the card is of direct significance to a highly mobile elite, although the impact it has in enhancing trade and investment in countries can have much wider effects. In the contemporary international migration system there is a clear bifurcation between this elite of high income skilled and business people for whom international travel and entry to nations is being increasingly facilitated by nations and much larger numbers of poorer, less educated groups for whom international movement is being increasingly constrained by receiving countries (Castles and Miller 1998). However the experience of the BMG in implementing the Business Travel Card has laid the foundations for a wider pattern of international co-operation in migration management. In the Asian region, examples of successful operational collaboration in the area of international migration are limited indeed. The lessons of this program need to be examined and learned.

END NOTE

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APPENDIX A

Declaration

I declare that:

- *I am a business person who makes regular short-term business visits to APEC economies.*
- *For the purpose of assessing my eligibility for the APEC Business Travel Card I consent to the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) to divulge all information in its possession, including the information I have supplied in this application, to any other agency, government authority or body, whether Australian or otherwise, and to investigate, obtain, and inform itself in any matter it thinks fit as to my character including any history of criminal conduct or convictions held by any police service or law enforcement agency, whether State, Territory, Federal, International or that of any other foreign nation.*
- *I have never been convicted of a crime or offence or been charged with an offence that is waiting legal action (otherwise I will attach details).*
- *I have never been deported from, removed from or asked to leave, or been refused entry, or otherwise excluded entry from any country (otherwise I will attach details).*
- *The information provided on this form is complete and accurate.*

Declaration signature of applicant *(please sign within the box corners in black ink)*

Date (DAY / MONTH / YEAR) ___ / ___ / ___

If you are an Australian passport holder, complete this application form and MAIL to:

APEC Business Travel Card Scheme
Business Employment Section
Central Office
Department of Immigration and
Multicultural and Indigenous Affairs
PO Box 25
Belconnen ACT 2616

Photograph

Please attach (glue) a recent photograph of yourself.

Care should be taken to avoid damaging the photograph. DO NOT use a paper clip as it will damage the photograph.

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1171 (Design date 04/01)

APEC

APEC Business Travel Card

What is the card?

The size of a credit card, the APEC Business Travel Card gives accredited business people streamlined entry to participating APEC economies. This occurs through a simple pre-clearance system that allows business people, through a single application, to obtain multiple short-term entry to these economies.

The card means an end to the time consuming need to apply for visas or entry permits and an end to long airport queues on entry.

Cardholders enjoy:

- pre-cleared entry to participating APEC economies (no need to apply for visas or entry permits)
- multiple short-term entry to these economies; cards are valid for three years
- faster immigration processing on arrival
- entry and exit through special APEC lanes at major airports.

Who is eligible?

Business people who:

- are passport holders of participating economies
- travel regularly to conduct trade and investment activities in those economies
- have not been convicted of a criminal offence.

Participating economies in the APEC Business Travel Card scheme currently include Australia, Chile, Chinese Taipei, Hong Kong, Japan, Korea, Malaysia, New Zealand, the Philippines and Thailand. Further APEC economies are expected to join the scheme during 2003.

Each economy maintains its right to determine who will enter their economy and to preserve existing conditions of entry.

The card does not replace a passport; cardholders will still need to carry their passports when they travel.

How to apply

If you are an Australian passport holder, complete the attached application form and send it with a passport-sized photo to:

APEC Business Travel Card Scheme
Business Employment Section
Department of Immigration and
Multicultural and Indigenous Affairs
PO Box 25
BELCONNEN ACT 2616

An application fee is payable.

Further Information

Telephone: +61 2 6264 3338
Fax: +61 2 6264 3547
E-mail: apec@immi.gov.au

Website: www.businessmobility.org

Application for APEC Business Travel Card

Your personal details *(or staple your business card here)*

Business details

Name of Company/Organisation/Employer

Type of business

Position held

Contact phone (COUNTRY CODE) (AREA CODE) NUMBER

Do you agree to DIMA communicating with you by facsimile, e-mail, or other electronic means?

No ☐

Yes ☐ ▸ Give details below

Facsimile number (COUNTRY CODE) (AREA CODE) NUMBER

E-mail address

Business address

POSTCODE

Postal address (Your card will be sent to your postal address unless otherwise specified)

POSTCODE

Your passport details

Your details exactly as shown on your Australian passport

Passport number

Expiry date (dd/mm/yy)

Family name

Given names

Nationality

Country of birth

Date of birth (dd/mm/yy)

Sex Male ☐ Female ☐

Your payment details

Please charge my credit card details as follows for $A155.00 (including GST)

Mastercard ☐ American Express ☐

Visa ☐ Diners Club ☐

JCB ☐ Expiry date (mm/yy)

Card number

Name of cardholder

Signature to authorise payment

Date (DAY / MONTH / YEAR) ___ / ___ / ___

Other information

Number of trips between APEC economies per year

Average length of trips (days/weeks/months)

How did you hear about the APEC Business Travel Card? *(Please tick a box)*

Word of mouth ☐ Industry publication ☐

Newspaper ☐ Advertising material ☐

Internet ☐ ▸ If so, which site?

Membership of Business/Industry Association (if applicable)

Once this application has been completed please check your details, then read and sign the declaration overleaf

Office use only

System application number

Date of Receipt ___ / ___ / ___

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Reference Paper
for Special Session

COOPERATION IN MANAGING LABOUR MIGRATION IN A GLOBALIZING WORLD

By

Manolo ABELLA
Chief, International Migration Branch, ILO

Cooperation in Managing Labour Migration in a Globalizing World

ILO

Growth of labour migration

The migration of workers from developing countries to the developed countries has been on the rise for the last few decades but in 1998 migrants still represented no more than 4.2 percent of the latter's total workforce. From the foreign labour force statistics of the Organization for Economic Cooperation and Development (OECD)[1], we estimate that the number of migrant workers from developing countries in its member states more than doubled from 8.4 million in 1988 to 17.3 million in 1998. However, the increase in the migrant worker population was heavily concentrated in only a few countries. The United States absorbed the bulk of the increase (more than 81 percent of the new migrants from developing countries) while Canada and Australia accounted for another 11 percent. In the European Union, migrants were also heavily concentrated in four countries – France, Germany, Italy and the United Kingdom. Over the decade of the 1990s the number of those coming from developing countries grew significantly faster than those originating from other OECD countries, so that by 1998 they had become the bigger group, representing some 57.8 percent of all migrant workers in the organization's member countries.

Close to half of all reported migrants move from one developing country to another. Indeed, considerable migration for employment takes place between and among countries where differentials in wages are not as large. For example there have been large movements of workers from Haiti to the Dominican Republic, from Burkina Faso to Cote d'Ivoire, from Egypt to Jordan, from Indonesia to Malaysia, or to Argentina from neighboring countries. Some two million Asian workers leave their countries every year to work in other countries within and outside the region under short-term employment contracts.[2]

The full global magnitude of these flows is hard to ascertain because not all countries monitor and fewer still report on labour migration flows, but the phenomenon is undoubtedly significant and growing.[3] It is estimated that there are today over 80 million

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[1]These statistics cover 19 OECD countries. Recent members - the Republic of Korea, Czech Republic, Iceland, Hungary, Mexico, Poland and Turkey - were not included.

[2] See Abella, M. "Driving forces of labour migration in Asia" in *World Migration 2003,* IOM Geneva.

[3] Most countries have different systems for compiling statistics to suit their particular needs. This makes comparisons across countries difficult. When estimating migrant numbers, some countries gather statistics only on foreign citizens and thus do not count those immigrants who have naturalized; others gather

economically active migrants the world over, of whom some 28 million are in the developing regions. Even this figure is likely to be an under-estimate since there are considerable difficulties with migrant population data in almost every country and particularly in some regions.

Table 1 ILO Estimates of International Migrant Workers by Region, 2000*

Region	Migrants		Migrant Workers			
	Including Refugees		Excluding Refugees		Including Refugees	
	Millions	% Dist	Millions	% Dist	Millions	% Dist
Africa	16.3	9	5.4	7	7.1	8
Asia	49.9	29	22.1	27	25.0	29
Europe	56.1	32	27.5	34	28.2	33
Latin America and the Caribbean	5.9	3	2.5	3	2.5	3
North America	40.8	23	20.5	25	20.5	24
Oceania	5.8	3	2.9	4	2.9	3
Total	174.9	100	80.9	100	86.3	100

*Applying ILO estimates of national economic activity rate to UN estimates of migrant stocks.
Source: UN Population Division. 2002. *International Migration 2002*, New York, United Nations. ILO, Bureau of Statistics. 1996. *Economically Active Population*, STAT Working Papers 1996-1, 2, 3, 4, and 5. Geneva, ILO.
Note: Gulf Countries´ economic activity rates are adjusted according to the foreign-born/migrant economic activity rates observed for selected countries (Bahrain, Kuwait, Saudi Arabia and UAE).
Estimates based on migrant workers stocks were replaced with published data of economically active foreigners and/or foreign-borns in the following countries: Australia, Belgium, Germany, Italy, Luxembourg, and United States. For Australia and the US, OECD data are available for economically active foreign-borns (2000). For Belgium, Germany, Italy, and Luxembourg, OECD gives higher number for economically active foreign citizens than for economically active foreign-born estimates and thus they were used.
The effects of adding economic activity refugees were too small to appear in the estimates presented for Latin America and the Caribbean, North America and Oceania.

Today’s migrant workforce includes workers with a variety of skills. At the upper end are the professionals and managers who move within the internal labour markets of trans-national corporations in the course of expanding trade or direct foreign investments. These so-called “intra-company transferees” have become an ubiquitous presence in the more dynamic regions of the world, where they are the purveyors of new production techniques and managerial know-how. Three out of every four transferees move from one rich country to another, especially across the Atlantic, while the rest are largely moving to and from one of the more successful newly industrializing countries in East Asia and South America. Outside of movements within these internal markets, there are larger movements of professionals and highly-skilled labour in multiple occupations such as ICT, medicine, teaching, sea and air navigation, journalism and communications, and entertainment. Some of these movements of individuals may fall within the so-called “Mode 4” of the negotiations in trade in services.

Nonetheless, contemporary migration flows are still dominated by workers moving to fill unskilled jobs in those segments of the labour market vacated by native workers who move on to better jobs. However the significance of migrant labour in these segments is not uniform across regions, especially in the OECD countries where recent flows are

statistics on the ‘foreign born’. There are also differences in administrative capacity. Countries with better statistical systems would have better coverage of migration statistics. In many parts of the world, migrants frequently cross borders without being included in any migration records.

increasingly becoming more skilled. Labour and immigration policies influence the absorption of migrant workers in different economic sectors, so that migrant farm workers are more important in the US than in Western Europe.

Driving forces

The forces driving migration are many and complex, and global explanations may not apply to individuals. Poverty, wars, famine and repression are certainly among the important causes of migration, but there are other factors as well. Reasons individuals cite for crossing national borders include population pressures on scarce natural resources, wage or income inequality between the poor and rich countries, growing urbanization, reduction in the cost of transport and communications and increasing interactions among societies, civil conflict and absence of human rights, and establishment of migration networks by earlier migrants. It is generally recognized, however, that both increasing differences between countries and lack of gainful employment and decent work, human security and individual freedoms help explain much contemporary international migration[4].

Civil Conflicts

Civil conflicts in many parts of the world have dislocated many from their homes and forced them to seek temporary protection, often in neighbouring countries. During the last decade the number of asylum seekers globally peaked at an estimated 20 million but has since declined to about 12 million. The growth in the number of asylum claimants nevertheless has raised anxieties among the signatories to the 1951 Geneva Convention and the 1967 Protocol on the Status of Refugees about their capacity to host more refugees, since many refugees and asylees work in host countries. Other factors –in particular political instability and population displacement due to consequences of global warming—promise more migration pressures. While the focus of this report is not on refugees, those refugees that actually work in destination countries are considered migrant workers (though often in the capacity of irregular workers). The world's population of 6.3 billion is growing by about 84 million every year, 97 percent in developing countries. Some 100 million new entrants join the world's labour market every year, most of them in developing countries, aggravating the already serious problem of unemployment estimated at no less than a billion unemployed or underemployed.

Economic Disparities

For a variety of demographic, political, and other reasons, the economic gains from the progressive integration of the global economy have yet to materialize for many of the world's poor countries. Despite the gains made by the more populous developing countries, China and India, in raising incomes over the past two decades, the gap in per

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[4] Martin, P. and J. Widgren. 2002. International Migration: Facing the Challenge. Washington D.C: Population Reference Bureau. Population Bulletin Vol 57, No 1. March. http://www.prb.org/Template.cfm?Section=PRB&template=/ContentManagement/ContentDisplay.cfm&ContentID=7022

capita incomes between the rich and the poor countries has remained large, and a recent ILO study shows that inter-country inequality as measured in GDP per capita has increased.[5] In the words of the ILO Director General Juan Somavia "…*If you look at the global economy from the perspective of people, its biggest structural failure is the inability to create enough jobs where people live*."[6]

Globalization may yet narrow the income gaps between nation states. History shows that the movement of goods rather than the movement of people was the key factor in the success of some developing countries to catch up with the more advanced countries. The East Asian economic miracle was based on a comparative advantage in low cost labour to manufacture goods that were exported, and has since spread to China, where per capita incomes doubled in less than a decade. However, the general replicability of this model has been in dispute in other developing countries with weaker capacities to produce manufactures or where other conditions for successful management of the development process are not present.

Some low-income countries dependent on a few agricultural exports like cotton and maize have suffered from increased competition with subsidized exports of the same commodities by the more developed countries. A recent general equilibrium analysis of trade policies for low income countries like those in sub-Saharan Africa indicates that trade liberalization by the low income country only generated increased emigration because liberalization led to a sharp fall in the real exchange rate.[7]

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[5] Ajit K. Ghose, Trade and international labour mobility, ILO Employment Papers, 2002/33, International Labour Office. http://mirror/public/english/employment/strat/download/ep33.pdf

[6] Statement to the International Co-operative Alliance General Assembly (Oslo, 3 September 2003).

[7] See Faini, Ricardo, Grether, J.M. and Jaime de Melo "Globalization and migratory pressures from developing countries: A simulation analysis" in R. Faini, de Melo, J. and Zimmermann, K. F (eds) *Migration: The Controversies and the Evidence*, Cambridge University Press, 1999.

Table 2 – Global incomes, population and migration, 1975-2000

Year	Migrants	World Population	Migrants as a proportion of world population	Average annual increase in number of migrants	Income group by GDP ($)			Ratios	
	millions	billions	Percent	millions	Low	Middle	High	High-low	High-middle
1975	85	4.1	2.1%	1	150	750	6,200	41	8
1985	105	4.8	2.2%	2	270	1,290	11,810	44	9
1990	154	5.3	2.9%	10	350	2,220	19,590	56	9
1995	164	5.7	2.9%	2	430	2,390	24,930	58	10
2000	175	6.1	2.9%	2	420	1,970	27,510	66	14

Sources: UN Population Division and World Bank Development Indicators; 1975 income data are those for 1976
Notes: Migrants are defined as persons outside their country of birth or citizenship for 12 months or more. The estimate for 1990 was raised from 120 million to 154 million, largely to reflect the break-up of the USSR, thought many of these additional migrants did not move; they were, for example, Russians considered foreigners in Estonia

Population Density

The population of the more developed regions of the world is rising at an annual rate of 0.25 per cent, while that of the less developed regions is increasing nearly six times as fast, at 1.5 percent annually — differences that will largely persist until around 2050[8]. Population density is already higher in developing than in developed countries — 51 persons per square kilometer in low- and middle-income countries, compared with 29 in the high-income countries. So in broad terms it might be expected that just as the nineteenth century was marked by migration from densely populated Europe to more lightly populated America and Oceania, so the first half of this century might similarly respond to differences in population density.

The Demographic Deficit

There is a contrast between the ageing populations of the more developed countries and the more youthful populations of developing countries. Although populations are ageing to some extent almost everywhere, the process has gone much further in Europe and Japan, with fertility so low that deaths exceed births. On present trends, between 2000 and 2050 the population of Italy, for example, is projected to drop by 22 percent, and 52 per cent in Estonia and 44 per cent in Latvia[9]. Low fertility and rising life expectancy mean that, for Europe as a whole the proportion of the population older than 65 will rise from 15 to 28 per cent between 2000 and 2050, and in Japan from 17 to 36 per cent.

The UN Population Division concluded that, if immigration were the only means of maintaining current labor forces, immigration would need to be much higher. The big four EU countries — France, Germany, Italy and the UK — account for two-thirds of the EU population and 88 per cent of its immigrants. If their 1995 populations were to remain

[8] United Nations Population Division, (2003): *World Population Prospects: The 2002 Revision.*

[9] Ibid. *Vol. II: Sex and Age.* (Medium variants.)

constant, given current fertility rates, immigration levels would have to triple, from 237,000 to 677,000 a year. However, if the objective were not just to maintain the 1995 population but also the 1995 workforce, and to maintain the dependence ratio, the big four alone would have to accept 1.1 million immigrants a year. Immigration on this scale is unlikely, but there is no doubt that immigration at some level will make an important contribution.

The decline of bilateral migration management

Most migration reflects individual or family initiatives, as people leave home to take advantage of opportunities overseas. This is in marked contrast to earlier eras when a significant proportion of migration took place under the aegis of bilateral agreements between governments.

One of the earliest bilateral recruitment programs was the Bracero programme, which from 1942 to 1966 admitted around five million workers from Mexico to the United States. It was eventually halted because unions, churches, Mexican-American leaders and others concluded that having Bracero workers in the fields slowed the upward mobility of Mexican-Americans10.

During the 1950s and 1960s, a number of European countries also established programmes that actively recruited workers overseas and ratified the ILO Migration for Employment Convention No. 97 (1949) which aimed to regulate such flows. In the 1950s, France, for example, encouraged the arrival for long-term settlement of workers first from Southern Europe then from North Africa. In the 1960s, the West German Government followed France's lead and set up recruitment offices in the major source countries – Italy, Greece, Turkey and Yugoslavia – initially looking for seasonal workers and then *Gastarbeiter* to work on short-term contracts. There were similar schemes in other countries such as Belgium and the Netherlands.

What distinguished these movements was the role played by states in organizing and closely supervising recruitment, employment, and return. Employers seeking foreign workers sent their request to local public employment offices, which then relayed it to public employment authorities abroad, where workers were recruited, tested, and selected. Between 1960 and 1966 the *Gastarbeiter* programme brought some 3.6 million foreign workers to West Germany, and.3 million returned as expected.[11].

By the mid-1970s this bilateral system collapsed. The global recession that followed the oil shock of 1973 reduced the demand for immigrant workers, and governments applied more restrictions to guest workers to encourage their departure, although only 10 percent

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[10] Martin, P. (2003). *Managing Labor Migration, op. cit.*.

[11] Werner, H. (2001). *From Guests to Permanent Visitors? A review of the German experience,* International Migration Papers No 42, Geneva, International Migration Programme, International Labour Office

left[12]. Large-scale organized labour migration to Europe through bilateral agreements came to an end in the late 1970s, and the labor migration that occurred as growth resumed involved migrants entering via family reunification channels, or as tourists, asylum-seekers or students — or clandestinely with the help of smugglers and traffickers.

Most labor migration policies today are unilateral, in the sense that destination countries normally announce programs to admit migrants without seeking bilateral agreements with source countries. There is growing recognition that cooperative migration management can better achieve goals for both sending and receiving countries, and there has been an upsurge in bilateral MOUs and agreements, but most programs to admit foreign workers are unilateral. For the source countries, unilateral action means trying to manage the process of emigration. Some of the major Asian source countries, including Indonesia, the Philippines, and Sri Lanka, closely regulate and supervise the recruitment of their nationals for employment in foreign countries.

Multilateral action has been most successful in establishing international norms. The ILO pioneered two Conventions – Migration for Employment No. 97 (1949) and the Migrant Workers (Supplementary provisions) No. 143 (1975)., and in 1990 the UN General Assembly adopted a new Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, that entered into force in 2003. At the initiative of Sweden and Switzerland, a Global Commission on Migration was launched in December 2003 and two international commissions, on Human Security and on the Social Dimensions of Globalization, are also considering ways to improve migration management. On a more informal basis there are regular consultations between international agencies concerned with migration such as ILO, IOM, UNCTAD, UNHCHR, UNHCR and UNODC and in what has been called the Geneva Migration Group.

Limits to unilateral action against irregular migration

In order to assert state sovereignty governments have often taken unilateral actions on irregular migration flows. These include:

- *Stricter border enforcement* – This is often the first measure taken to repel immigration but it can have a number of adverse effects. One is that it creates dangers for determined migrants who, forced to take riskier routes, can lose their lives during border crossings. Strict border enforcement can also keep migrants abroad permanently when they might otherwise have moved back and forth between source and destination countries, stimulating an underground economy that exposes migrants to the possibility of forced labour. Much of today's border enforcement does not actually repel migration but simply diverts it into illegal channels.

[12] Garson, J.-P. and A. Loizillon (2002). Changes and Challenges: Europe and Migration 1950 to Present. Paper for the European Commission/OECD Conference on the Economic and Social Aspects of Migration, Brussels, 21-22 January 2003. http://www.oecd.org/dataoecd/15/3/15516948.pdf.

- *Expulsion* – Governments have frequently expressed their determination to return migrants to their country of origin or of last abode. But for a variety of reasons they generally fail. Migrants may be protected by social and family ties, their identity may be uncertain, there may not be a country willing to accept them back, or there may be no feasible means of transportation. Even after they are expelled, determined migrants typically try again.
- *Employer sanctions* – It should also be possible to deter employers who knowingly employ irregular workers or make no effort to determine their status by imposing fines or other sanctions. In practice, even when such sanctions exist, enforcement is weak and there are relatively few inspections of those premises likely to employ irregular workers.
- *Formalizing the labour market* – Since many migrants are absorbed by the informal economy, governments can also steadily try to extend the reach of labour regulations so as to reduce the number of informal workplaces.

Although each of these measures can address migration that is already underway, they do not generally prevent people leaving home in the first place. A more viable option is to work with the source countries, looking at the causes of migration and seeing how it can best be managed.

Advantages of inter-country cooperation

Destination countries are increasingly realizing that they have few ways of influencing ‘unwanted’ migration unilaterally. This insight, though often unacknowledged, has now resulted in a host of cooperative efforts at migration management, most of them at the bilateral level, many at the regional level, and some at the global level. This cooperation deserves to be strengthened as it has significant potential.

International cooperation can consist of a variety of measures; some preventive, others remedial. As part of regional economic integration, along with reducing barriers to free trade, countries can make agreements for the free movement of labour. Destination and source countries can also make bilateral agreements on recruitment and employment, and cooperate in the management of return programmes.

The European Commission recently expressed its faith in the benefits to be gained from managing migration thus: “*…If carefully managed, migration can be a positive factor for growth and success in developing countries. One of the basic principles of improving the management of migration is that it requires joint effort. Dialogue between the country of origin and the countries of destination needs to be intensified and cooperation needs to be developed in a spirit of partnership*….”[13] The emphasis here is clearly on cooperative management.

Governments can take some steps at cooperation through treaties and international conventions that extend national sovereignty beyond geographic boundaries. The framers

[13] European Commission, “Governance and Development” Communication to the Council, the European Parliament and the European Economic and Social Committee, COM (2003) 615 final, 20.10.2003.

of the ILO Conventions on Migrant Workers — 97 and 143 — envisaged such cooperation and made provision for the reciprocal exchange of information on national policies, laws and regulations, migration for employment, the conditions of work and livelihood of migrants for employment, and on misleading propaganda. Convention No. 143 also provides for cooperation between States — to suppress clandestine movements of migrants for employment, to act against organizers of the illicit movement of migrants and those who employ workers who have immigrated in illegal conditions, and to ensure that the authors of labour trafficking can be prosecuted whatever the country from which they exercise their activities. But these agreements are seldom enough. Conventions 97 and 143 have been ratified by only a small number of states, and the 1990 UN Convention on Migrant Workers and Members of their Families has yet to be ratified by a single significant destination country.

Multilateral processes

States voluntarily limit their sovereignty by making binding commitments in international law to regulate trade and migration, as with:

- *Regional integration agreements* – The framework of the European Union, MERCOSUR, the Andean Community and NAFTA, make provision for free circulation, establishment and access to the labour market of nationals from member countries. In this type of multilateral agreement, migration is treated as just another variable of an integration process.
- *General Agreement on Trade in Services* – Mode 4 of GATS for natural persons supplying services relates to conducting negotiations on the rights of natural persons to remain temporarily in a country in order to provide a service, be it qualified or not qualified. The principle of the most-favoured-nation treatment is applied, but it is not applicable to persons who try to obtain a permanent job, or to the conditions of obtaining nationality, residency or permanent employment. [14] Unlike regional integration agreements, this agreement is aimed at the Member States of the WTO.
- *Unilateral measures* – These are autonomous measures, such as voluntary promises, that lead to international obligations.
- *Supplementary clauses on migration* – These can be included in bilateral or multilateral treaties whose principal objective is partially or entirely separate from the question of migration. On the basis of the conclusions of the Seville European Council (2002), for example, every cooperation and association agreement concluded by the EU must contain a clause for the readmission of irregular migrant workers.

[14] As was indicated at the *Expert Meeting on Market Access Issues in Mode 4* (UNCTAD, Geneva, July 2003), most countries deal with Mode 4 in the same way as migration [temporary], there being few countries which establish specific mechanisms or methods for the temporary movement of persons under the GATS (summary by the Chairperson). In the ILO *International Labour Migration Survey, 2003* only a few countries referred to their commitments under Mode 4 (for example *Austria, New Zealand* and *United States*).

Bilateral migration agreements

In the 1960s a number of European states facing serious scarcity of workers entered into bilateral agreements for the recruitment of labour. Most of these agreements ended during the 1970s as a result of economic crises — to be replaced by much looser framework agreements, memoranda of understanding and declarations of mutual cooperation on the contracting and protection of foreign workers[15]. The 1990s, however, saw an upsurge in bilateral agreements. For example, of the 168 bilateral agreements concluded in Latin America in the second half of the twentieth century, half were concluded in the past decade[16].

In the OECD countries, there are currently 173 bilateral agreements with countries from all regions of the world. As a result of the opening up of the borders of Central and Eastern Europe, the number of bilateral treaties had increased fivefold by the beginning of the 1990s[17]. The ILO Labour Migration Survey, 2003, also indicates considerable use of bilateral agreements by Central and Eastern European States and by the Commonwealth of Independent States, not only between States in the region or with neighbouring States of the European Union, but with countries of southern Europe (such as Spain and Portugal) and even with countries on other continents.

Since the beginning of the current decade there has been a further increase in the number of agreements, including particularly agreements entered into by Italy, Portugal and Spain, which previously had been migrant origin countries but are now destination countries.

These bilateral agreements have had a wide range of objectives. Some were clearly aimed at avoiding a rise in illegal migration, like the agreements that Germany concluded with many of her eastern neighbours. Others seek to address broader economic and social issues, like the agreements that Argentina has concluded with Bolivia (1999), Peru (1999) and Paraguay (not yet in force). These agreements provide, for example, for equality of treatment and non-discrimination, social security, the transfer of remittances, the regularization of immigrants and labour mobility. Argentina has also concluded an agreement with Ukraine (1999) for the recognition of qualifications and certificates of study, and for social integration.

Other examples of successful bilateral agreements are those concluded by Canada for seasonal work in agriculture with Barbados, Jamaica, Trinidad and Tobago, Mexico and

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[15] Abella, M.I.: Sending workers abroad, ILO, Geneva, 1997

[16] Between 1991 and 2000, 35 bilateral agreements were signed between Latin American countries (five for regularization, five labour conventions, 13 for free circulation, and 12 for return). During the same period 49 bilateral agreements were signed between Latin American countries and other countries (nine for readmission, one for regularization, five labour agreements, 18 for free circulation, 11 for return and three for migrant protection). The agreements for return include extradition treaties. See OIM, *World Migration 2003*, p. 178.

[17] OECD: Bilateral labour agreements: Evaluation and prospects, Seminar on Bilateral Labour Agreements jointly organized by the OECD and the Swiss Government, Montreux, June 2003.

the Organization of Eastern Caribbean States. These agreements clearly spell out the responsibilities of Canadian employers, which include assuming part of the transport costs and providing free accommodation; and those of the origin country for recruiting and representing the workers. The employers must pay the prevailing wages for agriculture in Canada and the workers must enjoy pension rights and be covered at all times by private or provincial healthcare schemes, including maternity coverage.

The ILO considers that bilateral agreements are an effective way to manage migratory flows. In fact, Recommendation No. 86 includes in its Annex a model agreement on temporary and permanent migration of workers, which includes clauses on the regulation of migratory flows, working and living conditions, and social security for all. The ILO International Migration Survey found that Recommendation No. 86 has been widely used by States as a model[18] — or will be used as a model[19] — even by countries that have not ratified the ILO instruments,

Bilateral agreements in Spain

As part of its migration policy,* Spain in 2001 adopted a global programme to regulate and coordinate foreign residents' affairs and immigration (the GRECO programme). The programme has five measures: (a) approving criteria for the admission of immigrants; (b) calculating the need for temporary or permanent workers; (c) determining the countries with which to negotiate agreements; (d) managing all aspects of migration; and (e) establishing mechanisms to select and, as necessary, training foreign workers in the source countries, with the contribution of the social agents and NGOs.

Spain has subsequently concluded eight bilateral agreements — with Morocco (1999), Colombia, the Dominican Republic and Ecuador (2001), Poland and Romania (2002) and Guinea-Bissau and Bulgaria (2003). In addition, more than 40 other States have asked to sign bilateral migration agreements with Spain. Some of these countries, such as Argentina and Mexico, have a high number of Spaniards in their territories.

The agreement concluded with Ecuador, for example, is intended to cover the whole of the migration process: the pre-selection of workers, the system of communicating job offers, the selection and recruitment of workers in the sending country, special provisions for temporary workers, the organization of travel, guarantees of labour conditions and rights at the destination, the possibility of family reunification, and provisions for return. To coordinate requests by its nationals who wish to go to work in Spain the Ecuadorian authorities have set up, with the collaboration of the OIM, the Technical Unit for the Selection of Migrant Workers.

* In 2000 Spain adopted the organic act on the rights and freedoms of foreigners (Act 4/2000), which was amended the same year (Act 8/2000) and, in 2001, it approved the executive regulations. Recently the Act was further amended by Acts 11/2003 and 14/2003. The modifications include the introduction of a visa to seek employment, intended for immigrants of Spanish descent.

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[18] For example, *Argentina, Austria, Colombia, Cyprus, Ecuador, Kenya, Republic of Korea, Lebanon, Portugal, Myanmar, Tajikistan, United Arab Emirates, Uruguay, Mauritius, Barbados, France, Guatemala, Uruguay* and *Rwanda.*

[19] *Albania, Eritrea, Honduras, Madagascar, Kazakhstan, Slovakia, Togo* and *Poland.*

Regional economic integration and the free movement of labour

The last decade has also seen more initiatives to promote cooperation in checking clandestine or illegal migration and people smuggling and trafficking. These include the 'Puebla Process' in the Americas, the 'Barcelona Process' in the Mediterranean, and the 'Manila Process' in Southeast Asia. In each case, participating states take part in wide-ranging discussions and negotiations over their respective roles in insuring more orderly and beneficial movements of people.

The Puebla Process Plan of Action outlines five major subjects: national migration policies; the link between migration and development; the need to combat migrant trafficking; international cooperation for the return of extra-regional migrants; and the human rights of migrants. A number of seminars have been held — on migration and development, for example, migrant trafficking, the return of migrants, and the human rights of migrants. The Puebla process has had a number of concrete outcomes. It has for example, paved the way for the US to legalize the status of many Central Americans who fled to the US during civil wars in the 1980s. The US also granted Temporary Protected Status to Central Americans in the US in 1998 following Hurricane Mitch and in 2001 following severe earthquakes in El Salvador. The Puebla process has also resulted in cooperation to improve border safety at the Mexico-US and Mexico-Guatemala borders. These regional processes have also brought more general benefits — providing opportunities for government-to-government consultations on migration issues that have contributed to reducing the tensions between states.

Though international migration flows are becoming increasingly intercontinental, probably the largest flows are still between countries in the same region. In the United States, a high proportion of migrants still come from Mexico and Central America. In Europe, migrants from non-EU countries tend to come from Eastern Europe, Turkey the Balkans and the Maghreb. In Asia, some of the largest flows are from Afghanistan to Pakistan and Iran, from Myanmar to Thailand, and from Indonesia to Malaysia. And in Africa the most active migration systems are those between South Africa and her neighbours, between the countries of Central Africa, and between the countries of West Africa where there are some 3 million migrant workers.

For this reason, regional agreements on migration probably have a greater impact than international treaties or conventions. Improving the management of migration and the conditions of migrants must therefore start with ensuring more orderly movements between neighbouring states.

The European Union forms the most extensive area with free movement of labour, but there are also agreements in many other regions: between members of the Nordic Community for both skilled and unskilled labour; between Australia and New Zealand under CERTA; between Canada and the United States for skilled labour under NAFTA (and Mexico beginning in 2004); between 16 West African states for skilled and unskilled labour among under ECOWAS; and between the Caribbean countries for skilled and unskilled labour under CARICOM. These agreements provide for progressive harmonization of labour policies with a view to eventually giving full equal treatment to each other's nationals.

What has been agreed to in principle may, however, fail to be observed in practice. In some cases there are political pressures for expulsion. There have, for example, been expulsions from Nigeria in 1983 and 1985 and more recently from Côte d'Ivoire — in violation of the ECOWAS agreements. Another common problem in regional agreements is the lack of a common system for recognizing professional qualifications. The European Union has systems of mutual recognition so that a person recognized as a doctor in Germany, say, is likewise recognized as a doctor in France, though these do not yet extend to nationals of third countries, and such arrangements are not widespread in the other regional agreements. In addition, some countries retain barriers to entry into certain professions, requiring the passing of tests to obtain needed licenses if applicants were not educated in the country in which they work.

If governments are to make these agreements work, they have to harmonize policies and standards. But they also have to ensure that 'gate-keepers' and administrators on the ground do not use their discretionary powers to defeat the objective of the policy. According to an ECOWAS Executive Secretariat Report, nearly all member states maintain numerous checkpoints and subject citizens to administrative harassment[20].

Regional economic integration through trade liberalization should eventually bring about a greater convergence of wages and prices and other factors of production — which in itself will reduce the incentive for migration. This has clearly happened in the European Union, which guarantees freedom of movement and equal treatment, and the portability of social welfare benefits.[21] Despite this, foreign workers make up only 2 percent of workers in the national labour markets of the EU countries. Hence, regional economic integration ultimately brings about an apparent paradox, that while it may open up greater possibilities for the free movement of labour it also generates the kind of economic convergence that would reduce the need for such movements.

Towards liberalizing trade in services

If services are to be traded internationally some workers will need to move temporarily to consumers' countries The General Agreement on Trade in Services that came out of the Uruguay Round in 1994 has already helped to facilitate such trade through agreements on the temporary admission of people who are engaged in rendering certain kinds of specialized service like financial management and legal services.

This was a breakthrough for the promotion of international trade in services and augurs well for the fastest growing and most dynamic sector in post-industrial societies. It is also a sector in which some developing countries have a comparative advantage since

[20] ECOWAS Executive Secretariat 2000b, "Achievements of ECOWAS", in 25th Anniversary Report http://www.ecowas.int/sitecedeao/english/achievements-1.htm.

[21] See Molle, W. (1994) The Economics of European Integration: Theory, Practice, and Policy Aldershot, Dartmouth Publishing Co. Chapter 9.

although they are short of capital they are rich in human resources. The negotiations over the movement of natural, as opposed to legal, persons or the so-called Mode 4 of GATS, have, however, been slow and difficult, reflecting the worries of the more developed regions over the temporary admission of people who may subsequently stay permanently.

The negotiations currently centre on:

- *Qualification*s – Accelerating mutual recognition of qualifications
- *Sub-contracting schemes* – To include lower skilled service workers
- *Service personnel categories* – Achieving uniform definition and coverage of these categories and expanding them to include middle and lower skilled workers and professionals
- *Social security* – Separating short from long-run social security contributions

On the question of mutual recognition of qualifications, developing countries would prefer that the WTO develop and administer a global system, so that an architect, doctor, or nurse would have his or her credentials recognized in all WTO member countries. As a second-level demand, they would like the employer to be allowed to assess the qualifications, so that if an employer abroad deemed a foreigner qualified, so would his or her government. This already happens in some high-tech fields, where job titles are constantly evolving and there are few formal systems for vetting credentials.

In the absence of such agreements, educational institutions in developing countries have dealt with this problem by incorporating into their curricula the requirements of the countries where graduates want to work, so that nurses in the Philippines, for example, are trained to pass nursing tests in Canada, the United Kingdom or the United States. The migration of professional labour would be eased if there were a worldwide reference source with accurate and up-to-date information on educational and occupational credentials. In an ILO regional conference on hotel and tourism in Bangkok in 2003 one of the recommendations was for the ILO to develop a certification for skilled workers in the industry who underwent specialized training [Check title & wording].

The trade in services will also require more streamlined procedures for obtaining visas and work permits. At present, this process can take many months. Even when the authorities in the destination country have given an employer permission to use a foreign service provider they will still interview the workers involved to check that they are eligible for residence and work visas. They can also complicate the process by involving several different branches of government: in some countries work and residence visas are issued by separate agencies and disagreements between them can increase costs and uncertainties. Instead, developing countries would prefer ‘one-stop shops’ in industrial country consulates that could issue multiple-entry visas that are easy to obtain and renew. And in the event of the issue of visas being slowed by conflicts between agencies they would also like migrants or their employers to be able to file trade complaints.

Conclusions

Economic, political, and demographic factors suggest that we are in an age of growing migration pressures. Every year many millions of young men and women enter the labour force in developing countries where jobs creation is not fast enough to absorb them, while populations are ageing in the more developed regions, where scarcities of labour are emerging in many sectors. Other developments that add to migration pressure include rising differences that motivate or cause people to move over borders, and new technologies that allow more people to get the information they need to access the global labour market.

Migration has historically been beneficial to most migrants as well as countries of destination and origin. However, efforts to build an acceptable multilateral framework for regulating movements so as to insure that labour migration yields mutual benefits have so far not seen much evidence of success. The number of migrant workers in an irregular situation is rising rapidly, helped to some extent by the growing commercialisation of migration processes, including smuggling and trafficking, but also to the growth of informal forms of employment in destination countries. Unless the international community acts, this situation is likely to worsen, with worrisome implications for protecting the rights of migrant workers until migration pressures are reduced through faster economic development.

Reference Paper
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MANAGING
THE PHILIPPINE OVERSEAS
EMPLOYMENT PROGRAM:
KEY POLICY ISSUES
AND RESPONSES

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MANAGING THE PHILIPPINE OVERSEAS EMPLOYMENT PROGRAM: KEY POLICY ISSUES AND RESPONSES
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INTRODUCTION

The Philippine overseas employment program begun in the early 70’s. It is founded on a clear constitutional mandate for the State to promote full employment and afford full protection to labor, both local and overseas, organized and unorganized. The enabling act which serves as the legislative framework is the Labor Code of the Philippines of 1975 and later, Republic Act No. 8042 known as the Migrant Worker’s and Overseas Filipinos Act of 1995. Both the constitutional and legal framework provide the firm basis of stable and sustainable migration policies and which pave the way for the deployment of millions of Filipinos all over the world.

There are about 7.0 M Filipino people living or working abroad. Some 3.09 M out of the 7 M are temporary workers, 1.2 M are permanent residents and 1.6 M are irregular workers. Everyday about 2800 workers are deployed overseas daily. As of the last estimate, Overseas Filipino workers (OFW) are in more than 190 countries and in every ocean. We deploy workers of various skills, both land-based and sea-based. The Philippines remains the premiere manning capital of the world. Filipinos compete with other seafarers in both ratings and officers categories. In 2002, we deployed 209.593 seafarers and 682.315 land based workers for a total of 891.908 OFWs. Land based workers of various competencies and skills include nurses, information technologists, engineers, construction workers, teachers, housekeepers, nannies, caregivers and governess, entertainers and performing artists. Indeed the services of Filipino workers are the most globalized of our economic forces.

ISSUES AND RESPONSES

With almost three decades of experience in managing overseas employment, key issues can be identified and various lessons can be learned. But, always the underlying principle is the constitutional mandate of the State "to afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all." Within this context, government recognizes that the decision to leave the country and work abroad is a personal choice of the worker and it is the task of the State and all the stakeholder to maximize the benefits and minimize the costs of overseas employment to the worker, his family and the country as a whole. This is achieved by setting up mechanisms for the orderly and systematic facilitation and documentation of workers, provision of adequate protection to minimize abuses and exploitation before, during and after employment.

Issue: Private Sector Participation

Initially, overseas employment is under the complete control of the government until the policy shifted to allow private sector participation and even foreign equity of up to 25%. The condition, however, is the Filipino owners, and not the foreign investors, should be the managers and operators of the business. Other government regulations include the licensing system, placement fee system, penalty system and incentive system. The pressure to deregulate and leave to the private sector particularly the employers through their recruiters and the workers the decision to decide on all terms and conditions of employment continues to be a challenge to policy makers and implementors.

- **Licensing System:** Despite the relaxation of the investment policy in overseas employment, the government continues to exercise regulatory authority over private recruitment agencies, through a licensing system. The grant of license is understood to be a privilege, never a demandable right. It is subject to compliance with certain conditions. Otherwise, it can be withdrawn or cancelled anytime.

The current licensing policy is to restrict the entry of new applicants by making compliance with conditions much more difficult compared to existing licensing holders when they renew the license.

- **Capitalization Requirement:** The requirement for capitalization in terms of paid-up capital has been increased from P1 M to P2 M and new applicants have to comply with the requirement at the time of application. For existing license holders, they can put up the increase in capitalization on a staggered basis of four equal yearly installments. The duration coincides with the effectively of the license which used to be for two years only and was also increased to another two years.

- **Market Requirement**: The requirement for marketing capability was also upgraded by requiring 50 to 100 workers during the first year to be deployed to an employer who has never been accredited to another agency, or if previously accredited, it has been inactive for the last five years. Compliance with the "new virgin market" requirement is conditional and failure to meet the same will result to the expiration of the one year provisional license and automatic cancellation of license. If complied with, the license period is automatically extended to the full term of 4 years.

- **Escrow Deposit**: The more crucial requirement is the escrow deposit which was also increased from 300,000 Pesos to 1 M Pesos with a commercial bank and surety bond of 100,000 Pesos. The scheme of payment of new applicant and existing license holders applicable to capitalization also applies to escrow deposit. Escrow deposit and surety bond are financial guarantees to ensure compliance by the agency and its principal employer with contractual obligations and to answer for fines or restitution of placement fees illegally collected from the workers. For foreign employers of performing artists or entertainers, an additional escrow of US $20,000 is also required. For domestic helpers in Singapore, employers are also required to post an additional bond of S $2,000 per worker. Under the joint and soldiery liability principle between the foreign employer and the Philippine agent, both are liable for claims and awards in favor of the workers and the escrow and bond can be levied to answer for the claims. The escrow deposit once levied against or garnished should be replenished and kept in its original amount.

- **Placement Fee System**: The government continues to regulate the collection of placement fees from the workers. As a general rule, licensed land based agencies can collect placement fee from the workers in the maximum amount of one month salary. In countries where "no placement fee policy" is observed, agencies cannot collect any placement fee otherwise the license can be cancelled. For Taiwan, on-site service fees are allowed to be collected from the workers. Government allows collection of documentation fee from the workers to pay for medical examination, passport fee, police clearances, trade test and cost of documentary authentication. Foreign employers pay the cost of airfare and visa fees. Manning agencies for sea-based workers are prohibited from collecting any placement fee.

- **Penalty System:** Government requires licensed agencies to comply with all the conditions of the license issued to them. A table of offenses and penalty that defines the offenses and violations and provides the corresponding penalties, the maximum of which is cancellation of license plus payment or fines to the government and refund to the workers of excess fees. It is the underlying principle of the new licensing policy to make it difficult for new players to enter the recruitment business, but once they get the license, government should make it easy for them to operate by streamlining the processes of recruitment and deployment. However, should they violate recruitment rules, it should be easy for government to cancel or suspend their licenses.

- **Incentive System:** The penalty system is combined with a reward and incentive system for agencies with good track record of performance in marketing, zero recruitment violations, zero record of adverse decisions, provision of welfare services and community-oriented projects. Incentives include the grant of in-house processing facility for their workers, no verification of contracts for selected workers, inclusion in client referral program, extension of license to another four years, and inclusion in the mailing list of market advisories and other information materials.

- **Pressure to Deregulate:** The government is under pressure by agencies to further deregulate by removing the regulatory functions on licensing and documentation of workers including the setting of standards like placement fees even to vulnerable workers. Amendments to the existing law to strengthen support for deregulation have been the subject of congressional hearings but the initiative did not yield positive results in favor of the recruitment agencies' demand. Instead, a bill that clarifies and further strengthens POEA regulatory functions has passed the Lower House and to be taken in plenary debate at the Senate. A court case against the Secretary of Labor and the POEA Administrator is now pending at the Supreme Court on petition for certiorari to also resolve the issue. Deregulation, as far as POEA is concerned, means streamlining of processes to remove bureaucratic red tape and reduce the cost of transactions, but not the absence of regulations. It is taken in the context of full employment and market realities that enable the government to leave overseas employment as a matter between the workers and employers to decide without compromising their welfare and interest. Unfortunately, such economic conditions have yet to become a reality in the Philippines.

Issue: Documentation of Workers and Employers

Proper documentation for both workers and employers assure them and their governments better and more efficient monitoring of OFWs wherever they are and adequate protection should on-site problems arise, including emergencies like war and other natural calamities that will require them immediate relocation or repatriation. Documentation is done through the following:

- **Employers' Verifications and Authentication System:** The hiring process for overseas employment starts with the documentation of the employers through submission of accreditation documents which are verified by labor officers and authenticated by embassy officials at the foreign posts. Agencies can only recruit for them once accredited and under terms spelled out in a recruitment agreement between employer and agencies. Manpower requests once verified and authenticated are sent to POEA for registration.

- **Workers' Documentation System**: Workers get documented after submission of employment clearances, appropriate credentials, skill certificates, and duly executed and verified employment contract. Once the documents are processed, the POEA requires workers to attend the pre-departure orientation seminar. Workers pay membership fees to the Overseas Workers Welfare Administration (OWWA) for health and medical insurance coverage. Workers are issued overseas employment certificate as exit clearance at the airports, entitling him to travel tax and terminal fee exemption. His dependents are also entitled to reduced travel tax.

- **The E-Link For OFWS**: Workers' documentation requires completion of processes with several government agencies, entailing costs and time on the worker. To address the problem, a one stop processing center is established where workers can get all the documents in one place at the least costs and at the shortest time possible. The concept of one-stop processing centers is the initial step towards the electronic linking of the data bases of all the agencies involved in OFW transactions. It will address bureaucratic red tape that breeds corruption. On a regular run are three electronic operated system to speed up the processing of workers' documents: The E-receipt which is the verified / single receipt for both POEA and OWWA transactions; the E-Submission which the electronic processing of employment contract; and the E-card, which is the electronic identification card that bears the permanent identification number of the OFWs and which replaces the Overseas Employment Certificate (OEC) for exit purposes. The E-card is a government issued identification card to all OFWs which they can also use as remittance card any where in the world. He can also use it as discount card in shopping malls and as credit card to pay his bills. It also serves as OWWA membership card and he can also use it in all government transactions. The e-contract submission system allows agencies to encode all their documents from their offices using internet connection to send them to POEA for processing and issuance of the E-card.

- **Database for Departing OFWS**: Through the electronic data base, the millions of OFWS can be accounted at anytime. A daily monitoring report of deployment is released to the public, with disaggregated data on countries and skills made available upon request. Immediate tracking of OFWS is critical during time of emergencies requiring relocation or repatriation or when families want to communicate with them.

- **Incentives for Good Employers and Workers:** The government has institutionalized the annual grant of incentive to outstanding employers and workers by way of incentives. Employers are exempted from verification and authentication of documents. Workers are given the Bagong Bayani awards by the President, which is a project of a private foundation conferred annually. Plaque and cash award are given to the awardees.

Issue: Standard Employment Contract, Implementation and Settlement System

- **The Employment Contract:** One way of affording protection to workers is to provide standards of employment that conform to both the laws and practices of both the sending and receiving states. Such standards are embodied in a contract of employment the terms of which are fully disclosed to the workers. The employment contract is one important document that the worker should bring with him. No worker should leave without the POEA-approved contract. During the PDOS, contract provisions are explained such as wage, position, work hours, air fare, accommodation, food allowance, sick leave, vacation leave, just and authorized causes for employment termination, emergency medical provision, workmen's compensation, grievance machinery and worker repatriation mechanism in case of distress and death. Employment contract provisions are based on international convention and principles of labor and employment administration. The provisions should be in compliance with Philippine law and jurisprudence and that of the host government. If there is a conflict, the gap should be addressed by negotiations with the employer or the host government. The principle of "whichever is the higher benefit" between two systems will apply and in no case will any of the provisions be lower than that prescribed under Philippine regulations.

- **The Contract Enforcement:** Cases arising from implementation and interpretation and other contract violations are settled through the grievance machinery by workers and employers. Conciliation services are available on site at the embassies and consulates. Otherwise, the case will be filed and decided through arbitration by the National Labor Relation Commission in the Philippines (NLRC).

- **System of Discipline:** Employers and workers who commit rampant contract violations can be blacklisted by POEA and disqualified from participating in the overseas employment program, either temporarily or permanently depending on the gravity of the violations. The system has proven to be effective in getting rid of abusive and unscrupulous employers and problematic workers.

Issue: On Site Welfare Assistance Program

- At the Philippine embassies and consulates, the corps of labor attaches and welfare officers acts as advocates for our workers. They attend to welfare cases of OFWs with their employers and with the local authorities. They provide legal and representation services, visit prison, provide conciliation services, coordinate with community organizations like the church and the non-government groups in the conduct of programs that will help them cope and adjust to the local environment. We also send government doctors and psychologists to attend to their health and psycho-social problems. These services are available in the network of Filipino Workers Resource Centers where various skills training and upgrading courses are conducted to prepare for reintegration and transfer to other higher skilled jobs. In case of repatriation in connection with work-connected or employment-related issues, the cost of repatriating the workers is borne by the employer and his agency under the joint soldiery principle. They are under obligation to provide a pre-paid ticket otherwise the processing of the documents for other workers will be suspended by POEA

- In case of war and other emergencies like natural disaster, the government provides an Emergency Repatriation Fund to answer for the cost, drawn from funds of the OWWA. Repatriation is done in coordination with the employer, the agency and the host government that facilitated all the clearances needed. Other than the benefits arising from the contract, collective bargaining agreements, company insurance, workers are also entitled to burial assistance and death benefits from government social security agencies.

Issue: Reintegration Policy

- The policy is geared towards preparing workers to be back with his family at the earliest time possible because he has found employment locally or his savings have been mobilized and invested in sustainable micro enterprises to provide employment and livelihood for him and his family. The involvement of the business groups and the banks and science and technology training centers on livelihood is most needed. A data base for returning OFWs who decided to stay is now being prepared by OWWA which will contain information on workers and their skills and competencies. The data base will be linked to various chambers of commerce and industries for job placements and livelihood assistance including outsourcing of jobs. This will facilitate transfer of technology from the host country to the Philippines. Families of OFWs are also being organized into associations for livelihood assistance.

- Early reintegration of OFWs with their families is facilitated if their basic need for food, decent housing and education for their children are already met. A special housing program for overseas workers is available at affordable terms. Scholarship programs are also available for deserving children of OFWs by schools and universities funded by the OWWA. Seed capital to start a business is also part of the benefit of an OWWA member.

Issue: Irregular Migration

- An anti-illegal recruitment campaign program is in place and operates nation-wide, consisting of preventive and remedial components. The preventive aspect is a comprehensive and massive public information and education program using multi-media organizations, Church-groups, NGOs, local government units, schools and private entities are government partners in the program.

- The list of licensed agencies is pooled in the POEA website and updated daily. There is also a quarterly printed list distributed free to the public. Information on status of agencies, job orders and other market data are also available on hotlines that operate 7 days on a 24 hour basis. This information is also available through text messages. Public advisories and press releases are also used to warn public of being victims of illegal recruiters. On the remedial aspect, reports of illegal recruitment activities are immediately subject to surveillance and prosecution as criminal cases that are punishable by imprisonment and fine. A joint police and civilian operatives and inquest fiscals attend to these cases on a 24 hour basis.

- Based on cases, irregular migration is facilitated by travel agencies and tour groups and even immigration consultants whose activities go beyond visa facilitation but cover the whole range of recruitment. To curtail their activities, their operation has been placed under the regulatory power of the POEA and they are required to secure a license just like private recruitment agencies.

- This June, the Anti-trafficking Act of 2003 was passed and the implementing rules are being prepared. It defines the acts penalized and provide stiffer penalty for violation and they are no longer prosecuted as illegal recruitment case as before. An OFW complaints and assistance desk is present in all police stations nation-wide to immediately act on illegal recruitment and trafficking cases. Our experience however, shows that the effective collaboration with labor departments and intelligence agencies of various countries is most necessary for both the preventive and remedial approach to illegal recruitment and trafficking cases.

CHALLENGES:

The government perspective about OFWs and overseas employment in relation to national development agenda is clear**.** Migrant workers and overseas Filipinos numbering 7 M in over 190 countries are important partners in pursuing our national development goals. As economic development partners, OFWs are major source of dollar remittance amounting to US$7 B to US$8 B annually that continues to propel our economy even in times of crisis.

But more than mere sources of dollar remittances, the government considers them as showcases of the Philippine's global competitiveness.

To maximize the benefit of overseas employment, our country needs to re-define itself as a highly competitive labor-sending country by transforming itself into a world-class manpower supplier to the international labor market. Leading industrialists in the Philippines have rallied the business sector to give full support in promoting overseas employment as an economic sector needed to be integrated into the country's program for economic modernization and global competitiveness.

In pursuit of this economic development strategy, the government needs to equip our OFWs with new and better skills and make heavy investment in OFWs support system, particularly skills training. Government must explore and develop more and better markets through an aggressive marketing campaign strategy for labor migration management. This is not to say that we will trade them just like chattels and goods, for definitely, they are not. We need to ensure that our workers are qualitatively at par with, if not superior, to their foreign counterparts in terms of knowledge, skills and language proficiency and more importantly with ethics and values that will make them globally competitive and assets to the receiving countries.

There is a need for government to work closely at multilateral levels like in GATS to work towards the liberalization of trade in services under MODE 4-MNP to include mobility of skilled and less skilled workers through mutual recognition schemes and easing up of licensing and qualification system for professionals. There is also a need for government to explore with receiving countries workable schemes to address the brain drain issue by setting up schemes that will continuously replenish the skills demands of labor markets through training and development programs funded by the contribution of employers to subsidize the cost of education and skills training and improvement of education and training facilities in the sending countries.

As a strategy for social development, we consider overseas employment as agents of development for themselves, their families and their country. It is meant to be an enabling tool to help them act on their own choice to improve their status and quality of life for themselves and their families and become better citizens of our country.

It has also provided them enough earnings potential that predisposes the government to encourage them to invest strategically in small and medium enterprise (SME) and likewise empowered them professionally, enabling them to acquire new information, skills and technology useful for reintegration program.

Even as there is a need to maximize the benefits of overseas employment, the primacy of protection and welfare of OFWs remains an indispensable policy and cannot be compromised. Government has both the legal and moral responsibility to protect OFWs from the perils and risks of overseas employment.

Fully aware of the constraints of government to ensure the adequacy and fullness of these services, there is a need to pursue a framework of governance that will recognize synergistic partnership with the private sector, the unions, the NGOs/CS, and the media in the area of information dissemination and education of the publics. Government should also shorten migration especially for vulnerable groups through an effective reintegration program as a strategy to alleviate poverty for the unskilled and low skilled workers who are forced to leave the country due to family security.

Moreover, there is the need to pursue bilateral negotiations on social security and health and safety issues with receiving states and likewise multilateral initiatives with UN agencies and donor agencies at the regional and international levels to facilitate social dialogues to address mutual migration issues between and among sending and receiving countries, thereby making labor migration as a potent tool to bring about peace and security to OFWs, their families, their country and the international communities as a whole.

Government cannot do it alone. The challenges and the goals must be shared by all the stakeholders and more so by receiving states. Managing labor migration issues requires global collaboration. Governments of both sending and receiving countries need to collaborate in enacting policies and implementing mechanism that are sensitive to the needs of the migrant populations. Some practical considerations are worth pursuing:

- Labor migration as an available option should not be an excuse for any delay in pursuing the country's long term sustainable growth and development goals of reducing unemployment and alleviating poverty as push factors for migration.

- Our experience in many cases show that much of the burdens of addressing migration issues is left for sending countries to resolve. Sending countries should insist that receiving countries should jointly manage migration as they benefit both from it. Areas of mutual cooperation include regularization of undocumented workers as was done in Italy, facility for efficient, secure, legal, and inexpensive transfer of voluntary remittance, allowing dual citizenship, exercise of political right, and inclusion of migrant concerns in policy making deliberations.

- Fora for social dialogues on labor migration issues at the national, regional and international levels such as this conference is most appropriate in pursuing the agenda of effective cooperation and collaboration between and among sending and receiving states, including initiatives to set up international standards and ratify international conventions.

Conclusion:

- Indeed, migrant workers are ambassadors of goodwill. They ought to be prepared as such by the sending countries and treated as such by the receiving countries. It is essential that both sending and receiving countries provide the migrant workers the services needed from the time they apply for work, while they are on the worksites, the time they return home to enable them to achieve the mission of peace and security for themselves, for their families, for their countries, and for the international community. Effective management of labor migration by both the sending and receiving states and the participation of relevant international organizations will help maximize the benefits and minimize the risks of overseas employment for all the stakeholders.

Country Report

Australia

by

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INTERNATIONAL MIGRATION AND LABOUR MARKETS IN ASIA: AUSTRALIA COUNTRY PAPER 2004

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The contents of the following paper are the views of the author and in no way

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1 INTRODUCTION

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 focused 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 23.1 percent (4,105,444 persons) of its population in 2001 being born overseas, 24.2 percent (2,367,300) of its work-force being overseas-born and in 2001, 19.8 percent 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 is 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. Moreover, Australia has in recent years experienced for the first time a significant influx of asylum seekers, most of them arriving by boat from Southeast Asia. Australia has resettled over 600,000 refugees in the last fifty years but almost all of them have been selected from refugee camps in third countries to which the refugees have initially fled. Policies toward asylum seekers arriving in Australia have become a major issue of debate within the country.

Australia has excellent international migration information both with respect to stock and flow information. The main source of stock data is the quinquennial population censuses, which contain a series of questions which relate to the overseas-born population of the nation and their descendants. The present report is the first in this series to include data collected at the 2001 Australian Census of Population and Housing. The main source of flow data is derived from arrival and departure cards completed by all people entering and leaving Australia. The Department of Immigration, Indigenous and Ethnic Affairs (DIMIA) maintains detailed computerised systems based on these which allow timely analyses of flows into and out of the country to be made. A new system introduced in 2001 initially produced delays in making data available but the present report is able to include data up to the 2002-03 financial year. Moreover, DIMIA funds a Longitudinal Survey of Immigrants arriving in Australia (LSIA). A summary of recent patterns of immigration to and emigration from Australia utilizing these data sets are presented in Section Three of this paper. Before undertaking this analysis, however, a short summary of the contemporary Australian labour market situation is undertaken. This is the fifth in a series of papers on the Australian international migration situation for the 'Asian SOPEMI' prepared by the present author (see Hugo 2000, 2001a, 2002a, 2003a).

2 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 percent 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 4.0 percent occurred in 2000. In line with global recession in 2001 the Australian GNP grew by less than half the 2000 level (around 1.8 percent). However, there was a recovery in 2002 and the economy grew by around 3.9 percent. It grew by an estimated 4.75 percent in 2003 but is projected to fall slightly to 4 percent in 2004 (McCallum, 2003, 48) so Australia remains 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 percent of GDP but 57 percent 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 percent of GDP.

The second half of the 1990s saw 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$18.2 billion or around -3 percent of GDP and it increased to A$21.8 billion in 2001-02 (3.1 percent of GDP) and 41,064 in 2002-03 (5.4 percent). GDP per capita increased from A$27,636 in 1995-96 to 32,870 in 1999- 2000 and 34,825 in 2001, 36,621 in 2002 and 38,151 in 2003. Inflation rates in Australia have been low in recent years, at just below 2 percent per annum but the rate rose to 3.2 percent in the year ending 30 June 2000, to 6.0 by mid 2001, 2.9 percent in 2002 and 3.1 percent in 2003. The index of hourly wage rates increased by 3.2 percent in 1998-99, 2.9 percent in 1999-2000, 3.4 in 2000-01, 3.3 percent in 2002 and 3.3 percent in 2003. The largest increases occurred in education (4.4 percent) and electricity, gas and water supply (4.2 percent) and the lowest in communication services (2.4 percent) and retail trade (3.1 percent). The highest increases were for professionals (3.8 percent) and the lowest for advanced clerical and service workers (3.1 percent).

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 percent in 1995, 8.5 in 1996 and 8.4 in 1997. However, in 1998 it fell to 7.9 percent and thereafter fell to 7 percent in 1999 and 6.2 percent in 2000. It thereafter steadied and rose slightly to 6.6 percent in 2001 and in 2002 was 6.0 percent but sank to a 14 year low in October 2003, (McCallum, 2003, 48).

Australia achieved a major demographic milestone in 2003 when its population reached 20 million on December 4th. This represents 0.32 percent of the global population and Australia is currently the 52nd largest country in the world. Australia's population is currently (2002-03) growing at a rate of 1.2 percent per annum – around the rate of global population growth and one of the fastest in OECD nations.

In 2003 the Australian Bureau of Statistics (ABS 2003a) released its latest population projections. These projections had two mortality assumptions, three overseas migration, three internal migration and two fertility assumptions. Of the possible 54 combinations, three series were analyzed in detail:

Series A
- The Total Fertility Rate will climb to 1.8 in 2011 and remain constant thereafter.
- Life Expectancy at Birth will improve to 92.2 for males and 95.0 for females in 2050-51.
- Net overseas migration of 125,000 per year.

Series B
- The Total Fertility Rate will fall to 1.6 in 2011 and remain constant thereafter.
- Life Expectancy at Birth will improve to 84.2 for males and 87.7 for females in 2050-51.
- Net overseas migration of 100,000 per year.

Series C
- The Total Fertility Rate declining to 1.4 in 2011 and remain constant thereafter.
- Life Expectancy at Birth will improve to 84.2 for males and 87.7 for females in 2050-51.
- Net overseas migration of 70,000 per year.

Table 1 summarises the main results of the projections. They see Australia's population growing from 19.66 million in 2002 to between 21.09 million and 21.91 million in 2011, 22.27 million and 24.46 million in 2021 and 23 million and 31.4 million in 2051.

Table 1: **Australia: Projected Population Growth, 2002-2051**
Source: ABS 2003a

Projection Series[1]	Population '000					Growth Rate 2002-2051	Median Age 2051
	2002	2003	2011	2021	2051		
A	19,622.8	19,515.5	21,911.4	24461.1	31396.1	0.96	46.0
B	19,662.8	18,891.0	21,524.2	23368.4	26421.5	0.60	46.8
C	19,662.8	19,856.3	21,086.8	22267.1	22984.2	0.32	49.9

[1] For projection assumptions please see text.

The 2002 median age of 35.9 will increase to between 40.4 and 42.3 in 2021, and 46.0 and 49.9 in 2051. The proportion aged 65 and above will rise from the present level of 13 percent to between 19 and 20 percent in 2021 and 27 and 30 percent in 2051. With respect to the 15-64 working age population, they currently make up 13.2 million or 67 percent of the Australian population. Under Series A they will increase to 17.7 million in 2051, in Series B they increase to 15.6 million, in 2006 thereafter they decline slowly to 15.1 million in 2011 and in Series C reach a peak of 14.6 million in 2020 and a decline to 13.4 million in 2051. In all series their share of the total population will increase slightly to between 67-68 percent before declining to 57-59 percent in 2051 and 54-57 percent in 2015.

Population growth in Australia has contributed positively to the growth of the labour force over the 1990s as Table 2 indicates. However, it is clear that there have been decreases in participation rates in several years of the last decade, especially for males. Overall participation rates for males have been declining and by 2000-01 had reached 73 percent while that for females has increased to 55 percent.

Table 2: **Labour Force, Components of Change, Annual Average**
Source: ABS 1999, p. 117, ABS 2001, p. 216; ABS 2002a, p. 118

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
	%	%	%	%	%	%	%	%	%
MALES									
Percentage change in labour force	0.5	0.9	1.5	1.5	0.9	0.9	1.3	1.3	1.4
Percentage points change due to									
population growth	1.2	1.2	1.3	1.5	1.5	1.5	1.5	1.6	1.5
Labour force participation	-0.7	-0.3	0.2	0.1	-0.6	-0.6	-0.3	-0.3	-0.1
FEMALES									
Percentage change in labour force	0.9	2.2	3.2	2.7	1.6	1.0	1.8	2.7	2.5
Percentage points change due to									
population growth	1.2	1.2	1.3	1.6	1.5	1.4	1.4	1.3	1.3
Labour force participation	-0.4	1.0	1.9	1.1	0.1	-0.4	0.4	1.5	1.2
PERSONS									
Percentage change in labour force	0.7	1.4	2.2	2.0	1.2	1.0	1.5	1.9	1.9
Percentage points change due to									
population growth	1.2	1.2	1.3	1.5	1.5	1.4	1.5	1.5	1.4
Labour force participation	-0.5	0.2	0.9	0.5	-0.3	-0.5	0.0	0.4	0.5

The nation's contemporary labour force situation in Australia is depicted in Table 3 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 percent between 1994 and 1998. However, in 1999-2000 there was a significant fall in the unemployment level and it fell below 7 percent for the first time for more than a decade and has remained there. The underemployment situation in Australia, depicted in Table 4, indicates that of the 9,367,400 employed persons aged 15 years and over in Australia in September 2002, more than a quarter (28 percent) worked part-time. However, only 6 percent (589,800) worked part-time but wanted to work full-time and 0.5 percent (47,900) usually worked full-time but was working part-time for economic reasons. Of all those wanting to work full-time among part-time workers, 61.6 percent were female.

Table 3: **Civilian Population Aged 15 and Over, Labour Force Status, Annual Average**
Source: ABS 1999, p. 118, ABS 2001, p. 217; ABS 2002a, p. 119; ABS 2003b, p. 157

	Unit	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
MALES											
Employed	'000	4396.9	4472.3	4628.8	4278.8	4766.3	4828.3	4923.7	5033.2	5106.0	5160.4
Unemployed											
Looking for full-time work	'000	531.3	500.0	414.4	392.7	395.4	380.7	352.3	307.7	308.8	318.1
Looking for part-time work	'000	50.2	49.0	51.1	47.1	52.3	52.9	52.1	56.1	57.0	62.9
Total Unemployed	'000	581.5	549.0	465.5	439.8	447.7	433.7	404.4	363.8	365.8	381.1
Labour force	'000	4978.4	5021.3	5094.3	5168.6	5214.0	5262.0	5328.0	5397.0	5471.8	5541.5
Not in the labour force	'000	1760.0	1797.0	1810.4	1836.4	1894.4	1952.3	1995.7	2044.2	2078.4	2115.0
Civilian population	'000	6738.3	6818.3	6904.6	7004.9	7108.4	7214.3	7323.7	7441.1	7550.2	7656.5
Unemployment rate	%	11.7	10.9	9.2	8.5	8.6	8.3	7.6	6.7	6.7	6.9
Participation rate	%	73.9	73.6	73.8	73.8	73.4	72.9	72.8	72.5	72.5	72.4
FEMALES											
Employed	'000	3237.0	3308.3	3463.0	3595.4	3637.7	3690.3	3779.7	3906.7	4023.9	4071.6
Unemployed											
Looking for full-time work	'000	259.8	262.3	224.7	208.4	221.2	212.8	192.5	177.0	163.7	180.9
Looking for part-time work	'000	99.3	104.2	103.5	88.4	96.1	91.3	94.8	93.7	95.9	94.8
Total Unemployed	'000	359.0	366.4	328.2	296.6	317.2	304.1	287.3	270.7	259.7	275.7
Labour force	'000	3596.0	3674.7	3791.9	3892.1	3954.9	3994.4	4067.0	4177.4	4283.5	4347.3
Not in the labour force	'000	3356.7	3360.5	3335.1	3345.6	3392.0	3456.1	3488.3	3488.4	3483.7	3519.9
Civilian population	'000	6952.7	7035.3	7127.1	7237.7	7347.0	7450.5	7555.3	7665.8	7767.2	7867.2
Unemployment rate	%	10.0	10.0	8.7	7.6	8.0	7.6	7.1	6.5	6.0	6.3
Participation rate	%	51.7	52.2	53.2	53.8	53.8	53.6	53.8	54.5	55.1	55.3

Table 4: **Underemployment Status of Employed Persons, September 2002**
Source: ABS 2003c, p.8

	Males '000	Females '000	Persons '000
Fully employed workers	4935.2	3794.7	8729.7
Full-time workers	4449.4	2293.0	6742.4
Part-time workers	748.6	1876.4	2625.0
Usually work full-time but worked part-time for economic reasons	36.3	11.6	47.9
Usually work part-time and want more hours	226.6	363.2	589.8
Usually work part-time and want more part-time hours	63.5	191.1	254.6
Usually work part-time and want full-time hours	163.0	172.2	335.2
Employed persons	5198.0	4169.4	9367.4

The industry distribution of the Australian labour force is presented in Table 5. This indicates that only 4.7 percent of Australians work in the primary sector – 3.7 percent in agriculture and 0.9 percent in mining. This reflects a long-term decline in the relative significance of primary sector employment. A decade earlier 5.4 percent worked in agriculture and 1.0 percent in mining. However, after decades of reductions in overall employment in agriculture the 1990s has seen a stabilisation of the numbers. Manufacturing accounted for 12.0 percent of employment and the sector has been experiencing a relative decline in its share of employment since the 1970s. In 1988, 16.4 percent 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.

Table 5: **Employed Persons by Industry[a], February 2003**
Source: ABS 2003d, p.50

	Males		Females		Persons	
	No. '000	Proportion Employed %	No. '000	Proportion Employed %	No. '000	Proportion Employed %
Agriculture, forestry and fishing	244.7	4.6	108.1	2.5	352.9	3.7
Mining	86.1	1.6	9.1	0.2	95.2	1.0
Manufacturing	833.9	15.8	309.5	7.3	1,143.3	12.0
Electricity, gas and water supply	58.3	1.1	13.5	0.3	71.8	0.8
Construction	665.0	12.6	105.7	2.5	770.7	8.1
Wholesale trade	317.0	6.0	143.8	3.4	460.9	4.8
Retail trade	712.9	13.5	755.3	17.8	1,468.2	15.4
Accommodation, cafes and restaurants	189.7	3.6	265.0	6.2	454.7	4.8
Transport and storage	314.4	6.0	98.3	2.3	412.7	4.3
Communication services	122.2	2.3	59.8	1.4	182.0	1.9
Finance and insurance	163.1	3.1	208.0	4.9	371.0	3.9
Property and business services	603.1	11.4	474.7	11.2	1,077.8	11.3
Government administration and defence	227.9	4.3	216.7	5.1	444.6	4.7
Education	208.6	4.0	442.2	9.9	650.8	6.8
Health and community services	199.2	3.8	729.7	17.2	928.8	9.8
Cultural and recreational services	115.4	2.2	117.5	2.8	232.9	2.4
Personal and other services	210.7	4.0	186.9	4.4	397.5	4.2
All industries	5,272.2	100.0	4,243.8	100.0	9,516.0	100.0

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

3 INTERNATIONAL MIGRATION AND AUSTRALIA

3.1 The Stock of International Migrants in Australia

The numbers of foreign-born persons in Australia was 4,105,444 in August 2001 or 23.1 percent of the total population. 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 becomes dominant. Underlying these waves has been a substantial flow from the United Kingdom but its significance has declined in recent years. Accordingly there are 112 different birthplace groups who have more than 100 residents in Australia. The numbers in the 150 largest birthplace groups are listed in Appendix A.

Table 6 shows the recent patterns of change in the overseas-born population of Australia over the last decade. It will be noted that Europe and the former USSR account for 52.2 percent of the Australian overseas-born and 26.4 percent were born in the United Kingdom and Ireland. However, it will be noted that the former group increased by only 1.7 percent per annum between 1991 and 2001 and the UK-Ireland group declined by 0.5 percent per annum. On the other hand, the groups from Southeast Asia, Northeast Asia and Southern Asia grew by 3.1, 5.0 and 5.3 percent per annum respectively over this period. Hence the proportion of the Australian population born in Asia has increased from 1.78 percent (347,874 persons) in 1981 to 5.52 percent (1,070,900 persons) in 2001. 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 6 shows some of the main differences between the total Australia-born and overseas-born populations at the 2001 census. It will be noticed that there

Table 6: Australia: Estimated Resident Population, Country of birth – 30 June 1991-2001

Source: ABS 2003e

Country of birth(a)	1991	1996	2001	Proportion of total 2001 ERP	Average annual change 1991–2001	Change 1991–2001
	'000	'000	'000	%	%	'000
Australia	13 318.8	14 052.1	14 931.2	76.9	1.1	1 612.4
Oceania and Antarctica(b)						
Fiji	34.3	40.5	48.7	0.3	3.6	14.4
New Zealand	286.4	315.1	394.1	2.0	3.2	107.7
Papua New Guinea	26.8	26.4	26.0	0.1	–0.3	–0.8
Other	23.6	28.0	34.6	0.2	3.9	11.0
Total	*371.0*	*409.9*	*503.3*	*2.6*	*3.1*	*132.3*
Europe & the Fomer USSR						
Germany	120.4	120.8	117.5	0.6	–0.2	–2.9
Greece	147.4	141.8	132.5	0.7	–1.1	–14.9
Hungary	27.5	27.3	26.5	0.1	–0.4	–1.0
Italy	272.0	259.1	238.5	1.2	–1.3	–33.5
Malta	54.6	55.6	51.6	0.3	–0.6	–2.9
Netherlands	100.9	95.3	91.2	0.5	–1.0	–9.7
Poland	69.5	70.9	67.5	0.3	–0.3	–2.0
United Kingdom and Ireland(c)	1 244.3	1 220.1	1 182.8	6.1	–0.5	–61.5
Former USSR and Baltic States	44.6	54.6	52.5	0.3	1.7	7.9
Former Yugoslav Republics(d)	168.0	193.8	204.1	1.1	2.0	36.1
Other	166.2	176.7	175.2	0.9	0.5	9.0
Total	*2 415.3*	*2 415.9*	*2 339.8*	*12.1*	*–0.3*	*–75.5*
Middle East & North Africa						
Egypt	37.8	37.9	36.8	0.2	–0.3	–1.0
Lebanon	78.5	77.6	80.0	0.4	0.2	1.5
Turkey	31.7	32.0	34.2	0.2	0.7	2.5
Other	47.6	64.4	86.6	0.4	6.2	39.0
Total	*195.7*	*211.9*	*237.6*	*1.2*	*2.0*	*41.9*
Southeast Asia						
Indonesia	35.4	47.7	51.8	0.3	3.9	16.4
Malaysia	79.9	83.0	87.2	0.4	0.9	7.3
Philippines	79.1	102.7	112.2	0.6	3.6	33.1
Singapore	26.0	31.4	35.9	0.2	3.3	9.9
Viet Nam	124.8	164.2	169.5	0.9	3.1	44.7
Other	53.8	68.8	85.1	0.4	4.7	31.3
Total	*398.9*	*497.8*	*541.7*	*2.8*	*3.1*	*142.8*
Northeast Asia						
China (excl. SARs and Taiwan Province)	84.6	121.1	157.0	0.8	6.4	72.4
Hong Kong and Macau (SARs of China)	62.4	79.2	77.3	0.4	2.2	14.9
Korea	22.4	32.6	42.0	0.2	6.5	19.6
Other	33.2	47.1	52.8	0.3	4.8	19.6
Total	*202.6*	*280.1*	*329.1*	*1.7*	*5.0*	*126.5*
Southern Asia						
India	66.2	84.8	103.6	0.5	4.6	37.4
Sri Lanka	40.4	52.0	58.6	0.3	3.8	18.2
Other	12.2	22.9	37.9	0.2	12.0	25.7
Total	*118.8*	*159.6*	*200.1*	*1.0*	*5.3*	*81.3*
Northern America						
Canada	25.6	27.4	30.5	0.2	1.8	4.9
United States of America	49.5	54.3	59.0	0.3	1.8	9.5
Other	0.4	0.4	0.4	—	–1.0	—
Total	*75.5*	*82.1*	*89.9*	*0.5*	*1.8*	*14.4*
South America, Central America and the Caribbean						
Chile	27.5	26.6	25.7	0.1	–0.7	–1.8
Other	53.7	56.4	60.5	0.3	1.2	6.8
Total	*81.2*	*83.0*	*86.2*	*0.4*	*0.6*	*5.0*
Africa (excl. North Africa)						
South Africa	55.8	61.7	86.9	0.4	4.5	31.1
Other	50.4	56.6	67.3	0.3	2.9	16.9
Total	*106.3*	*118.4*	*154.3*	0.8	*3.8*	48.0
Total overseas-born	*3 965.3*	*4 258.6*	*4 482.1*	*23.1*	*1.2*	*516.8*
Total	**17 284.0**	**18 310.7**	**19 413.2**	**100.0**	**1.2**	**2 129.2**

(a) The country of birth classification used in this table is the Australian Standard Classification of Countries for Social Statistics. The classification used in other tables in this publication is the Standard Australian Classification of Countries. For more information, see paragraph 18 of the Explanatory Notes.

(b) Excluding Australia-born.

(c) Estimated resident population counts for United Kingdom and Ireland are available separately in tables 7.2, 7.3 and 7.4.

(d) Consists of Bosnia and Herzegovina, Croatia, Former Yugoslav Republics of Macedonia, Slovenia and the former Yugoslav Republic of Serbia and Montenegro.

is little difference in the occupational structures of the two groups with migrants slightly over-represented in managerial, professional jobs. There are a higher proportion of the overseas-born unemployed than is the case for the Australia-born while there are slightly more in the highest 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 is purchasing their own home. Migration policy in recent years has placed greater emphasis on the selection of immigrants who have skills in demand in the Australian labour market. Hence, Table 7 indicates a substantially higher proportion of the overseas-born (25.8

Table 7: Australia: Australia and Overseas-Born Population at the 2001 Censuses
Source: ABS 2001 Censuses

			Australia-Born				**Overseas-Born**	
Occupation (skill level)			**Persons**	**Percent**			**Persons**	**Percent**
Managers/Admin/Prof			1,676,119	27.7			580,062	29.5
Technician/Assoc Prof			723,696	12.0			239,755	12.2
High Skill-Trade Clerical			1,002,420	16.6			304,110	15.5
Intermediate Skill			1,521,969	25.2			482,924	24.6
Low Skill-Clerk Labourer			1,119,389	18.5			359,034	18.3
Labour Force Status								
Employed			6,044,183	92.9			1,934,642	92.1
Unemployed			459,975	7.1			165,229	7.9
Not in Labour Force			2,210,357	25.4			947,078	31.1
Individual Income								
Less than $400 per week			4,993,346	51.1			2,007,202	54.4
$1,000 per week or more			1,145,630	11.7			430,799	11.7
Age and Sex Structure								
Age	**Males**	**Females**	**Persons**	**Percent**	**Males**	**Females**	**Persons**	**Percent**
0-14	1,732,478	1,645,682	3,378,160	24.8	109,492	104,229	213,721	5.2
15-24	1,032,187	1,004,625	2,036,812	14.9	197,504	192,767	390,271	9.5
25-49	2,399,247	2,469,584	4,868,831	35.7	852,196	908,081	1,760,277	42.9
50-64	917,602	942,818	1,860,420	13.6	523,852	490,765	1,014,617	24.7
65+	627,968	857,494	1,485,462	10.9	348,045	378,513	726,558	17.7
Sex Ratio: Males per 100 Females				97.0				97.9
Nature of Occupancy			**Persons**	**Percent**			**Persons**	**Percent**
Owner/purchaser			9,479,116	72.6			2,628,514	70.2
Tenant			3,243,062	24.8			1,032,881	27.6
Other			337,627	2.6			84,519	2.3
Highest Qualification								
Degree/Diploma			1,878,908	20.0			905,008	25.8
Skilled/Basic vocational			1,731,835	18.4			573,187	16.4
English Proficiency								
Uses English only			12,571,169	93.6			2,116,611	52.1
Speaks English very well/well			761,312	5.7			1,519,595	37.4
Speaks English not well/at all			91,328	0.7			425,399	10.5
Main Language Spoken at Home								
1. English				93.8				52.0
2. Italian				1.1				4.8
3. Chinese				0.5				8.0
4. Greek				1.0				3.1
Religion								
1. Christianity				79.4				69.1
2. No religion nfd				18.2				15.6

percent) have a degree or higher qualifications than the Australia-born (20 percent). Indeed between 1996 and 2001 this proportion increased from 19.2 to 25.8 percent. Table 7 also indicates there is a substantial degree of ethnical cultural diversity in the overseas-born group. Nevertheless these percentages for the overseas-born mask a considerable degree of diversity between and within different birthplace groups.

3.2 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:

a) This depends upon the *intentions* of movers and it is clear that these intentions change over time so that there is significant 'category jumping'.

b) 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). This was introduced in October 1999 and is 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 'offshore' categories listed above, and Table 8 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 and encourages refugees to stay in their country of first asylum, while critics argue that the creation of two classes of refugees is unfair and not within the spirit of the 1950 Convention (Mares 2001, pp. 24-25). A later section discusses the marked increase in the

Table 8: Refugee Entitlements in Australia, November 1999
Source: Australian Refugee Council 2000

Entitlements	Permanent Protection Visa	Temporary Protection Visa
Social Security	Immediate access to the full range of social security benefits	Access only to Special benefit for which a range of eligibility criteria apply. Ineligible for Newstart, Sickness Allowance, Parenting Payment, Youth Allowance, Austudy and a range of other benefits
Education	Same access to education as any other permanent resident.	Access to school education subject to state policy. Effective preclusion from tertiary education dues to imposition of full fees.
Settlement Support	Access to full range of DIMA settlement support services.	Not eligible for most DIMA funded services, such as Migrant Resource Centres and ethno-specific community welfare agencies. Can use Early Health Assessment and Intervention Programs.
Family Reunion	Able to bring members of immediate family (spouse and children) to Australia.	No family reunion rights (including reunion with spouse and children).
Work Rights	Permission to work.	Permission to work, but ability to find employment influenced by temporary nature of visa and poor English skills.
Language Training	Access to 510 hours of English language training.	Not eligible for the Federally funded English language programs: the Adult Migrant English Program (AMEP) or the Advanced English for Migrants Program (AEMP).
Medical Benefits	Automatic eligibility for Medicare	Eligibility for Medicare subject to lodgement of application for a permanent visa.
Travel	Will be able to leave the country and return without jeopardising their visa.	No automatic right of return.

of asylum seekers arriving in Australia by boat or plane without documentation in the 1999-2001 period although there were very few arrivals in 2002 and 2003 following the Australian government's decision to process asylum applications offshore as part of the Pacific Solution (Hugo, 2002b). Table 9 shows the numbers of TPVs granted to asylum seekers arriving in Australia over the 1999-2003 period.

Table 9: **Temporary Protection Visas Granted, 1999-2003**
Source: DIMIA 2002a; DIMIA 2003a

1999-2000	871
2000-2001	4,456
2001-2002	3,892*
2002-2003	250

* Total onshore protection visas granted

The composition of Australia's humanitarian program in recent years is shown in Table 10. This indicates that the total intake in 2002-03 was 12,545 slightly more than in the

Table 10: **Outcomes of Australia's Humanitarian Program by Component and Category from 1997-98 to 2001-02**
Source: Rizvi 2002, p. 29 and 2003, p. 47

Component	Category	97-98	98-99	99-00	00-01	01-02	02-03
	Refugee	4,010	3,988	3,802	3,997	4,160	4,376
Offshore	SHP	4,636	4,348	3,051	3,116	4,258	7,280
	SAC	1,821	1,190	649	879	40	-
Onshore		1,588	1,834	2,458	5,741	3,891	866
Temporary Humanitarian					164	6	3
Total		12,055	11,360	9,960*	13,773	12,349	12,525

* In this year there were 5,000 temporary safe haven visas to Kosovars offshore (4,000) and Tim0rese (1,900)

previous year (12,349) but less than in 2000-01 (13,773). It is interesting that only 6.9 percent of the intake (866 persons) were onshore migrants. This represents a substantial change to 2001-02 when 31.5 percent of humanitarian migrants were onshore. This reflects the impact of Australia's Pacific Solution and other policies designed to deter asylum seekers landing in Australia. Table 11 shows that Asia has contributed only a small proportion of humanitarian settlers in Australia in recent years. This contrasts to the late 1970s and 1980s when Asia was the dominant source of refugees settling in Australia (Hugo, 2002b).

Table 11: **Outcomes of the Offshore Component of Australia's Humanitarian Program by Region from 1997-98 to 2001-02**
Source: Rizvi 2002, p. 29 and 2003, p. 48

Region	97-98	98-99	99-00	00-01	01-02	02-03
Africa	1,473	1,552	1,738	2,032	2,801	5,632
America	50	24	23	27	16	3
Asia	685	295	113	316	189	208
Europe	5,307	4,736	3,424	3,462	2,709	1,158
Middle East & S W Asia	2,952	2,919	2,206	2,155	2,743	4,344
Total	10,467	9,526	7,502	7,992	8,458	11,656

Nevertheless, it is clear that Asians are prominent in people claiming asylum in Australia. Table 12 shows that of the 10 largest birthplace groups among the 8,627 persons

Table 12: **New Protection Visa Applications in 2001-02**
Source: Rizvi 2002, p. 32

Applicant's country of citizenship	New applications	As percentage of all new applications
China, People's Republic of	1,119	13.0
Iraq	1,065	12.3
Indonesia	847	9.8
India	644	7.5
Fiji	471	5.5
Afghanistan	445	5.2
Korea, Republic of	376	4.4
Sri Lanka	336	3.9
Thailand	264	3.1
Iran	242	2.8
All others	2,818	32.7
Total	8,627	100.0

applying for a new Protection Visa in 2001-02, 7 were Asian with China, Indonesia, India and Afghanistan being the largest. However, Table 13 indicates only among those from Afghanistan were a significant number actually granted a Temporary Protection visa.

Table 13: **Protection Visa Primary Determinations 2001-02 as at 30 June 2002**
Source: Rizvi 2002, p. 33

Applicant's country of citizenship	Visas granted	Visas granted as % of all determinations	Applications refused	Total determinations
Iraq	1,325	88.57	171	1,496
Afghanistan	1,006	79.15	265	1,271
China, People's Republic of	11	1.03	1,061	1,072
Indonesia	3	0.39	775	778
India	2	0.36	555	557
Fiji	3	0.62	479	482
Sri Lanka	96	25.74	277	373
Iran	158	42.82	211	369
Thailand	0	0.00	233	233
Bangladesh	2	1.10	179	181
All Others	228	7.66	2,750	2,978
Total	2,834	28.95	6,956	9,790

In 2002-03 the number of applications for TPVs was much smaller due to the drastic reduction in the number of arrivals of asylum seekers in Australia and hence, in onshore applicants. Table 14 shows that Iraqis was the largest group, but Asian groups from Sri Lanka, Afghanistan, China and Burma were significant.

Table 14: **Protection Visa Grants (Onshore) by Nationality in 2002-03 (Top 10)**
Source: DIMIA 2003a

Applicant's Nationality	Permanent Grants	Temporary Grants	Total Grants
Iraq	15	105	120
Iran	42	34	76
Sri Lanka	66	5	71
Afghanistan	4	58	62
China People's Republic	46	2	48
Burma (Myanmar)	38	8	46
Russian Federation	40	2	42
Colombia	41	-	41
Turkey	33	1	34
Egypt, Arab Republic	30	-	30
Others	261	35	296
Total	616	250	866

Within the non-humanitarian part of the Program there are three main components summarized in Table 15 – Family, Skill and Special Eligibility although within each there are a number of sub-programs.

Table 15: Program Management Structure (2001-02) Migration (non-Humanitarian) Program
Source: DIMIA 2002b

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	Can be capped
Business Skills, ENS & Distinguished Talent Demand driven	*Fiancés & Interdependents* Can be capped subject to demand for spouse and dependent child places	
Contingency Reserve To be utilised if States and Territories, business employers and regional authorities generate additional demand, and for ICT professionals with Australian qualifications	*Spouses & Dependent Children* • Demand driven • Exempt from capping Contingency Reserve Legislation defeated in Senate October 2000	

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

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 Interdependents.

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 (21,778 visas in 2001-02).
- 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 (4,586 visas in 2001-02). 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 1,817 visas were granted in 2001-02.
- Business skills migration - encourages successful business people to settle permanently in Australia and develop new business opportunities (6,409 visas in 2001-02).
- Distinguished talent - for distinguished individuals with special or unique talents of benefit to Australia (72 visas in 2001-02).

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 1st 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.

The 2002-03 migration program resulted in 108,070[1] non-humanitarian immigrants settling in Australia. This was the largest intake for over a decade. It was also the most number of skilled immigrants ever taken by Australia (Rizvi 2003, p. 21). The planning levels over the 2001-05 period are within the range of 100,000 and 110,000 places (66,000 in the skill stream) per year and the actual level will depend upon (Rizvi 2002, p. 21):

- Application rates in demand driven categories.
- Take up of state and regional specific categories.
- Extent of national skill shortages.
- Availability of 'high standard' applicants.

Figure 1 presents the breakdown of the numbers in each category for the year 2002-03. 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 16 and Figure 1 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.

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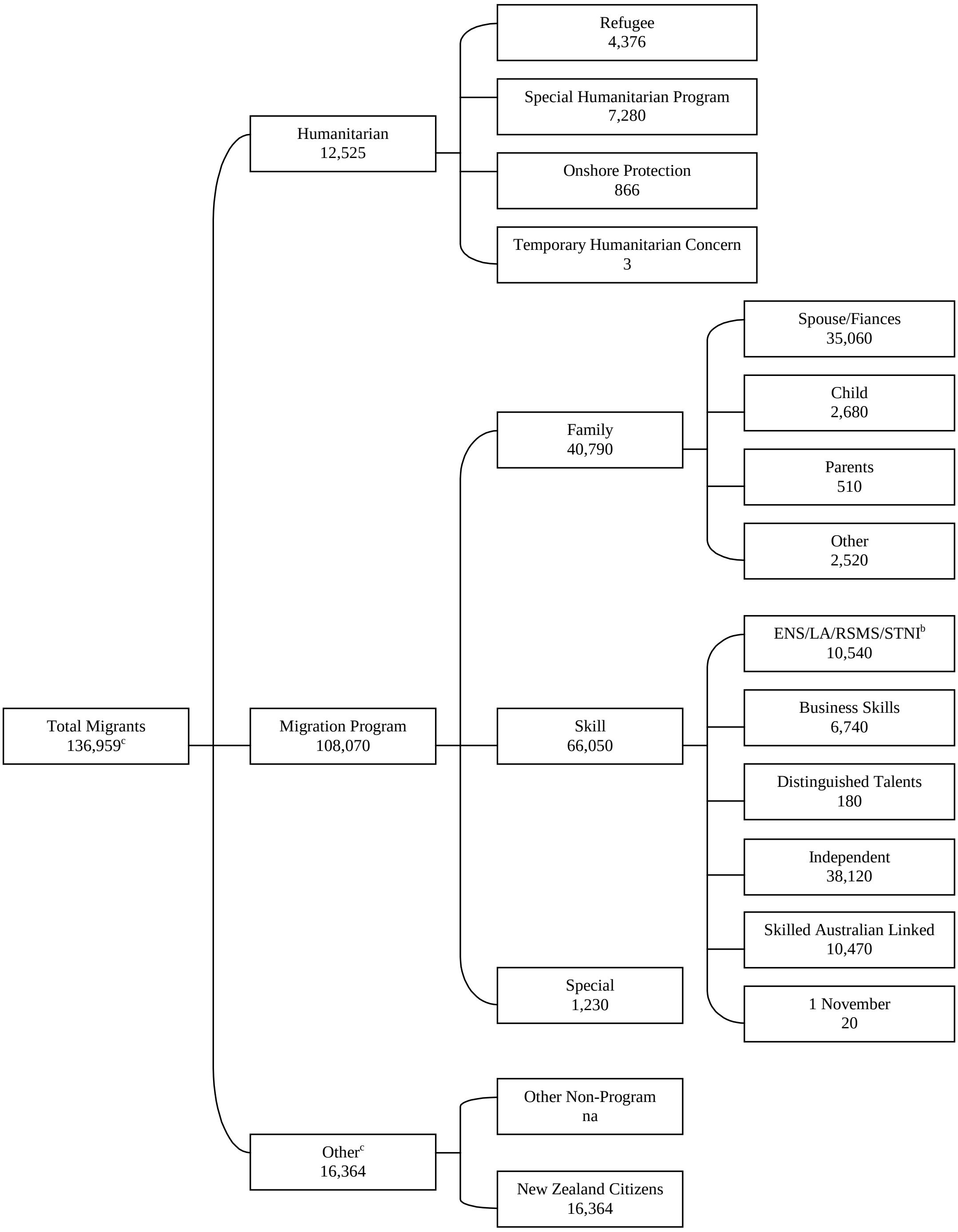
[1] Note: this excludes New Zealanders (15,850) and Humanitarian arrivals (12,525).

Figure 1: Categories of Immigration[a] to Australia, 2002-03

Source: From data in DIMIA 2003b and Rizvi 2003



a. Includes settler arrivals plus onshore applicants.

b. Includes Employer Nomination Scheme, Labour Agreement, Regional Sponsored Migration State/Territory Nominated Independent Scheme.

c. Excludes Other Non-Program Migration.

Table 16: Migration Program Visas Granted, 1990-91 to 2003-04 (planned)

Source: DIMIA *Population Flows: Immigration* Aspects, various issues and DIMIA 2003b

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	2002-03	2003-04
Family														
Spouses/Fiancés	24,500	26,300	27,800	25,100	26,100	33,550	25,130	25,790	24,740	26,330	28,360[f]	32,290[f]	35,060[f]	35,400
Parents	10,300	7,200	5,300	4,500	5,100	8,890	7,580	1,080	3,120	1,900	1,120	540[h]	510	500
Dependent Children	2,000	2,000	2,700	2,500	2,500	2,830	2,200	2,190	2,070	2,160	2,120	2,200	2,680	2,800
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	2,520	1,900
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**	**40,790**	**40,600**
% 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	40.8	37.7	36.9
Skill														
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[g]	9,000	10,540	10,500
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[g]	7,900	6,740	7,400
Distinguished Talents	100	200	200	200	100	200	190	180	210	110	230	170	180	200
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[g]	29,600	38,120	33,400
Skilled-Australian Sponsored[a]	-	-	-	-	-	-	-	9,540	9,240	7,900	7,200[g]	6,800	10,470	11,800
1 November Onshore	-	-	-	500	9,600	3,800	980	370	180	60	60	30	20	0
Total Skill	**49,800**	**41,400**	**21,300**	**18,300**	**30,400**	**24,100**	**27,550**	**34,670**	**35,000**	**35,330**	**44,730[g]**	**53,500[i]**	**66,050**	**68,300**
% 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	57.5	61.1	62.1
Special Eligibility	1,200	1,700	1,400	1,300	1,600	1,700	1,730	1,100	890	2,850	2,420	1 600	1,230	1,100
Total Program	**112,200**	**98,900**	**67,900**	**62,800**	**76,500**	**82,500**	**73,900**	**67,100**	**67,900**	**70200**	**80,610[g]**	**93,000[i]**	**108,070**	**110,000**
Parent Contingency Reserve[j]	-	-	-	-	-	-	-	-	-	-	-	-	-	
Existing Parent	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Contributory Parent	-	-	-	-	-	-	-	-	-	-	-	-	-	5,500
Total Parent Contingency Reserve[j]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,500**
Total Program (with contingency reserve)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**116,500**

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

(a) 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.

(b) Includes Employer Nomination Scheme, Labour Agreements, and Regional Sponsored Migration Scheme.

(c) Business Migration Program changed to Business Skills during 1991-92.

(d) Named independent prior to 1 July 1999.

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

(f) 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

(g) 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.

(h) 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

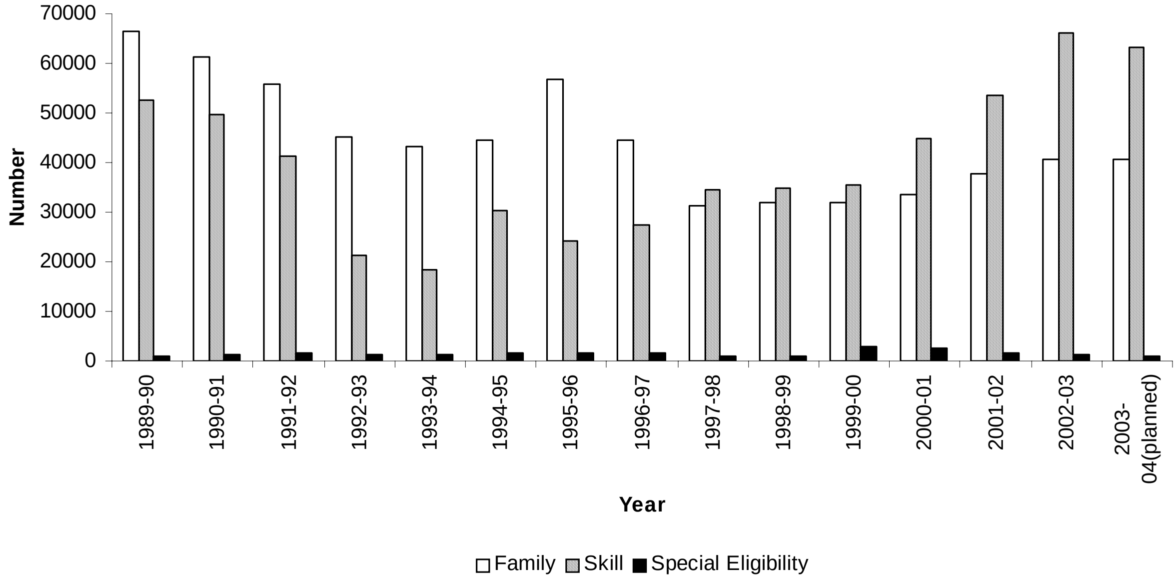
(i) Includes the 8,000 places available for use:

(i) 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

(ii) 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))

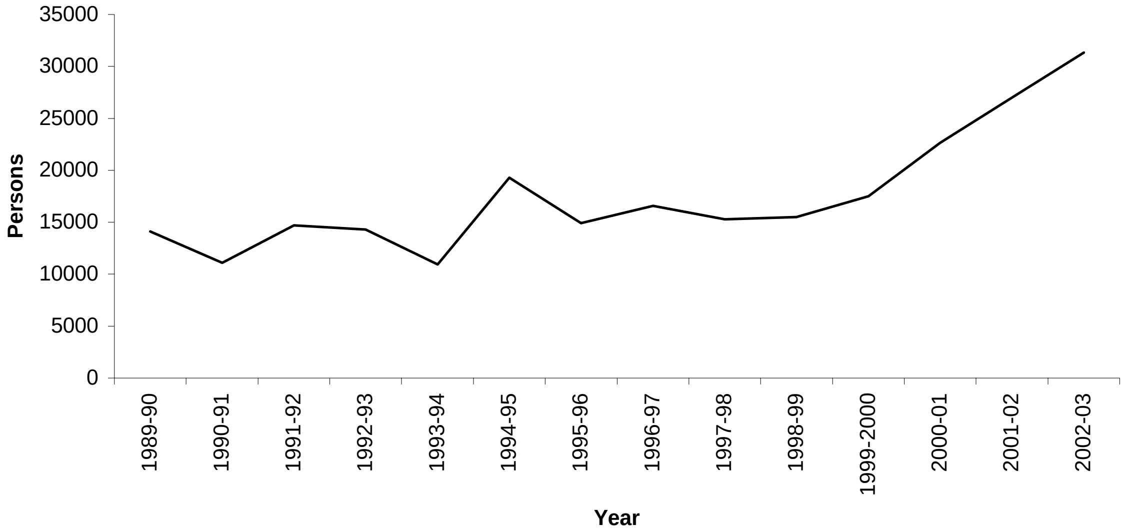
(j) Parent legislation introducing the new Contributory Parent visa classes passed Parliament for implementation on 1 July 2003. The 2,500 places for 2002-03 will be rolled over to 2003-04, giving a total parent contingency reserve of 6,500 places in 2003-04 – an additional 1,000 places in the existing parent categories and 5,500 places in the new contributory parent categories.

Figure 2: **Australia: Migration Program Outcomes by Stream**
Source: DIMIA *Population Flows: Immigration Aspects*, various issues and DIMIA 2003b



An important aspect of Australia's immigration programme in recent years is the increasing proportion of settlers to Australia who are "onshore" rather than "offshore" applicants. The conventional immigrant to Australia has applied for a settler visa at an overseas based Australian embassy or consulate, been assessed and granted a visa. However, in recent years there have been a number of major changes in the Australian immigration system. It is shown later in this report that there has been a major expansion of non permanent migration to Australia and with it a significant increase in the numbers of "category jumpers" whereby people in Australia on temporary resident visas apply to settle permanently in Australia. Accordingly, Figure 3 shows that there has been an increase in the numbers of "onshore" settlers to Australia. In the early 1990s an important group who transferred from temporary to permanent status were the temporary residents of Chinese origin who were granted temporary protection visas following the Tienamin Square incident. Many later applied for, and were granted, permanent residency. Others included people who came to Australia on holiday or to study and subsequently married an Australia. In recent

Figure 3: **Australia: Onshore Residence Visa Grants, 1989-90 to 2002-03**
Source: DIMIA *Population Flows: Immigration Aspects*, various issues and Rizvi 2003



years, however, the numbers of temporary residents seeking to become settlers has expanded. Indeed the government has facilitated this process in some cases. It has been made easier, for example, for students who have studied in Australia and gained an Australian qualification to become a settler on completion of their course. There are also a significant number of the people entering Australia as temporary residents with temporary business visas who subsequently apply to settle in Australia. One study of long standing temporary residents (Visa Category 457) has found that 41.8 percent of the group arriving in 2000-01 subsequently applied for permanent residency (Hugo 2003b). Of particular interest currently are the substantial numbers of onshore asylum seekers who were granted Temporary Protection Visas, as discussed earlier in this report. These were usually issued for three years and the next year will see this period having elapsed so that many of the holders will be “onshore” applicants to become permanent settlers.

Table 17 shows how the various settlement categories are split between offshore and onshore applicants. It will be noted that in comparison to other recent years, the numbers of onshore applicants under the Refugee/Humanitarian category has been drastically reduced

Table 17: Migration Program 2002-03, Offshore and Onshore Outcomes
Source: Rizvi, 2003, 21

Category or Component	Offshore Outcome	Onshore Outcome	Total Outcome	Percent Onshore
Spouse/interdependency[a]	19,060	10,670	29,710	35.9
Child[b]	2,410	270	2,680	10.1
Parent	370	150	510	29.4
Preferential/Other Family[c]	1,570	960	2,520	38.1
Fiance[a]	5,350	-	5,350	-
Total Family	28,760	12,040	40,790	29.5
ENS/LA/RSMS/STNI[d]	2,770	7,760	10,540	73.6
Business Skills[e]	5,020	1,720	6,740	25.5
Distinguished Talents	60	120	180	66.7
Skilled Independent	30,210	7,920	38,120	20.9
Skilled Australian Sponsored[f]	9,710	750	10,470	7.2
1 November	-	20	20	100.0
Total Skill	47,770	18,280	66,050	27.7
Special Eligibility	210	1,010	1,230	82.1
Total Program/Outcome	76,740	31,330	108,070	29.0
Refugee/Humanitarian	11,656	869	12,525	6.9

- Figures have been rounded and totals may not be the exact sum of components.
- Outcome does not include permanent visas granted to New Zealand citizens (270 in 2002-03).

(a) Net outcome as places in the Migration Program taken by provisional visa holders who do not subsequently obtain permanent visas are returned to the Program in the year the application for permanent residence was refused or withdrawn (a total of 2,650 in 2002-03).
(b) Includes child-adoption, child dependent and orphan minor.
(c) Includes aged dependent relatives, carers, orphan unmarried relatives and remaining relatives.
(d) Includes Employer Nomination Scheme, Labour Agreement, Regional Sponsored Migration Scheme and State/Territory Nominated Independent Scheme.
(e) Net outcome as cancelled visas are returned to the Program in the year in which they are cancelled (a total of 840 in 2002-03)
(f) Skilled Australian Sponsored categories includes skills tested brothers, sisters, nieces, nephews, non-dependent children, working age parents, grandchildren and first cousins.

due to the government interventions discussed earlier. However, it will be noted that the proportion of family settlers who are onshore (29.5 percent) is a little greater than is the case for skilled settlers (27.7 percent). This is mainly due to the substantial number of cases were temporary residents have partnered with an Australian resident and qualified to settle under the spouse/fiancé sub categories, more than a third of whom are onshore. Among the skilled migrants, it is among the Employer Nominated and Regional Migration programmes that the highest rate of onshore settlement occurs. These are clearly cases where people have entered as students or other workers and worked for an employer who has subsequently nominated them for permanent residence.

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 2002-03, there were 66,050 people granted Skill visas. This is an increase of 45.1 percent over 2001-02 when 45,520 were granted such visas. In 2001-02, 22.6 percent were onshore applicants compared with 27.7 percent in 2002-03.

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 is in short supply and where they are needed.
- Skilled-Designated Area 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.
- The Skill Matching Visa - introduced in 1999 provides the opportunity for those who do not meet the current pass mark in the points assessment for the Skilled Independent category to be nominated by an employer or state government provided they meet certain conditions.
- The State/Territory Sponsored Business Owner and Senior Executive Visa Categories.

A number of enhancements to these policies have been recently implemented (Rizvi 2002, p. 25 and 2003, p. 26-7) and there are a number of further enhancements still under consideration.

Table 18 shows that the numbers of settlers coming to Australia under the Regional Schemes has increased in each year since the changes were introduced. However, the largest increase was between 2001-02 and 2002-03 indicating that the initiative has gained in momentum in recent years.

Table 18: Australia: State Specific Regional Migration Initiatives Visa Grants, 1997-2003

Source: Rizvi 2003

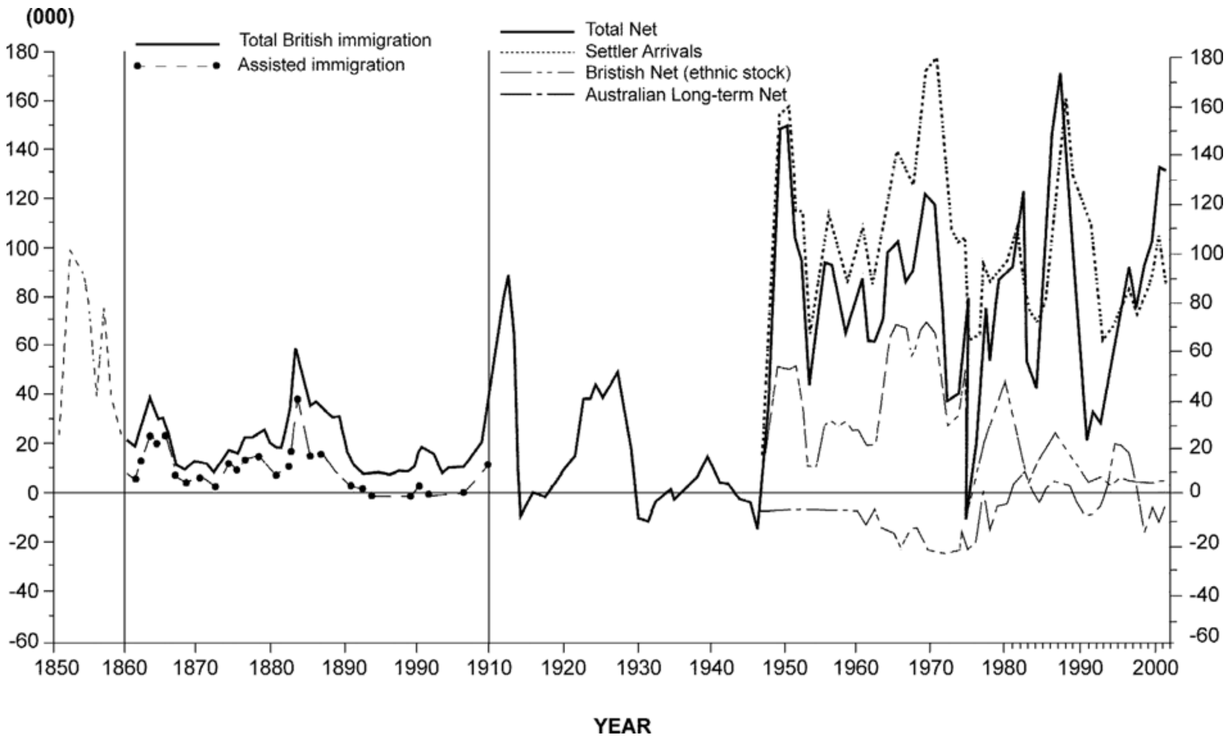
Category or Component	97-98	98-99	99-00	00-01	01-02	02-03
RSMS	581	765	664	1,021	1,092	1,738
STNI/SMV	16	169	9	85	257	794
SDAS	111	67	195	1,002	1,597	4,466
SAL*	984	1,744	2,384	1,575	974	524
SSBS**	61	59	44	122	176	341
REBA	0	0	13	41	40	78
TOTAL	1,753	2,804	3,309	3,846	4,136	7,941

* SAL – Skilled Australian Linked Category
** SSBS – State Sponsored Business Skills Entry

There have been substantial fluctuations over time in the level of immigration intake in Australia as Figure 4 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.

Figure 4: **Australia: Annual Migration, 1850-2002**

Source: Price 1979; Hugo 1986; ABS Overseas Arrivals and Departures Bulletins; DIMIA *Immigration Update*, various issues



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) documented six significant changes in the immigration intake between 1995-96 and 2000-01:

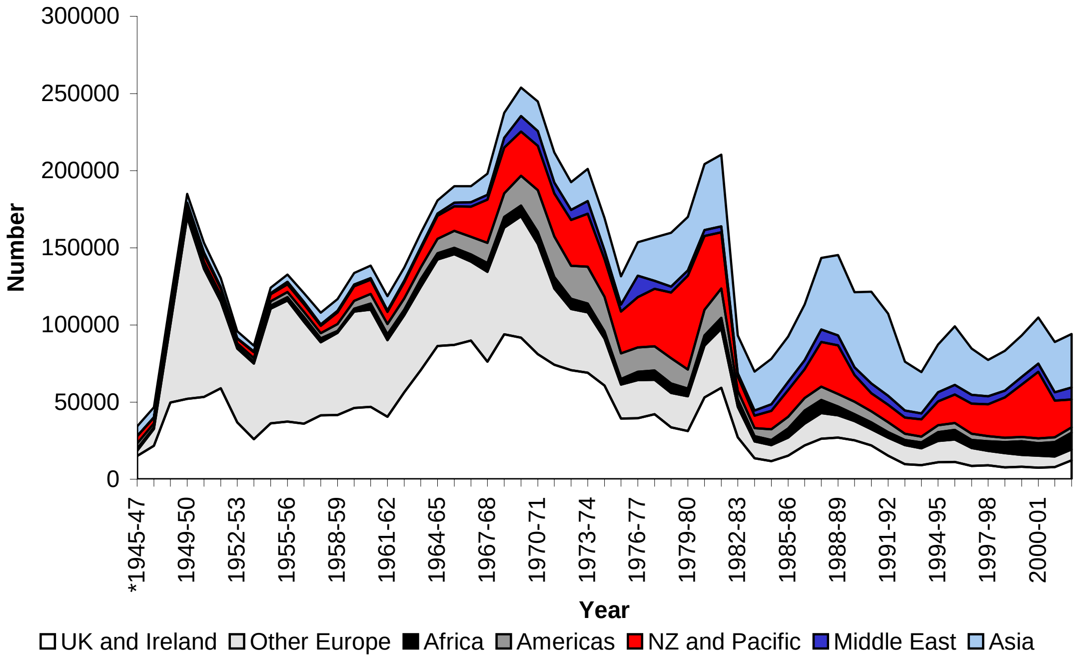
- The total intake fell from 85,000 to 61,000.
- There was a marked switch toward the Skill Stream which increased from 28,000 to 33,000, while the family intake fell from 39,000 to 23,000 and the Humanitarian Program fell from 14,000 to 9,000.

- 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 percent.
- 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 percent of the total employed stock and for professionals 2 percent. There was a net gain of computing professionals equivalent to 3.2 percent of the employed stock and of accountants equivalent to 2 percent.

Each of these trends has increased in the subsequent three years.

There has been a substantial change in the origins of permanent settlers to Australia over the post-World War II period as Figure 5 shows. This indicates that the proportion of

Figure 5: Australia: Settler Arrivals by Region of Last Residence, 1947-2003
Source: DIMIA *Australian Immigration Consolidated Statistics and Immigration Update* various issues; DIMIA unpublished data



settlers coming from Europe has undergone a significant decline and the share from Asia has increased. In 2002-03 visas were granted to persons from 186 different nationalities (Rizvi, 2003, 23) and the leading 20 nationalities are listed in Table 19. It will be noted that 14 of these are Asian countries and China and India have in recent years become the dominant

Table 19: Top 20 Nationalities Granted Visas 2002-03 Migration Program
Source: Rizvi, 2003, 23

Country	Outcome	Percent of Total
United Kingdom	22,188	20.5
PRC	9,825	9.1
India	9,749	9.0
South Africa, Republic of	7,202	6.7
Malaysia	4,825	4.5
Indonesia	4,373	4.0
Philippines	3,773	3.5
Vietnam	2,930	2.7
Singapore	2,656	2.5
USA	2,547	2.4
Korea, Republic of	2,223	2.1
Sri Lanka	2,093	1.9
Fiji	1,897	1.8
Hong Kong SAR	1,894	1.8
Thailand	1,708	1.6
Lebanon	1,675	1.5
Japan	1,416	1.3
Taiwan	1,375	1.3
Irish Republic	1,294	1.2
Canada	1,292	1.2

countries of origin of immigrants from Asia. This represents a substantial change with at various times Vietnam, Malaysia, Philippines and Hong Kong being the largest contribution (Hugo, 2003c). The numbers among each Asian country are presented in Table 20. In 2002-03 there were 35,603 settler arrivals from Asia making up 37.5 percent of all settler arrivals. This is a similar proportion to in 2001-02 when 38.7 percent of setter arrivals were from Asia. Asia is the main origin region with 16.3 percent from Oceania, 21.7 percent from Europe and the Former USSR, 11.1 percent from the Middle East and North Africa, 4.5 percent from the Americas and 5.7 percent from Sub Saharan Africa.

Table 20: **Australia: Settler Arrivals from Asia, 2002-03**
Source: Rizvi, 2003, 114-199

Southeast Asia	(15,276)	Northeast Asia	(10,348)	South Asia	(9,979)
Burma	188	China	6,664	Afghanistan	964
Brunei	53	Hong Kong	1,029	Bangladesh	437
Cambodia	617	Japan	607	Bhutan	1
East Timor	23	Korea, Dem. Peoples Republic of	1	India	5,783
Indonesia	3,026	Korea, Republic of	902	Maldives	3
Laos	41	Macao	25	Nepal	176
Malaysia	2,686	Mongolia	11	Pakistan	770
Philippines	3,190	Taiwan	1,109	Sri Lanka	1,845
Singapore	1,751				
Thailand	1,133				
Vietnam	2,568				

3.3 Trends in Long-Term and Short-Term Movement

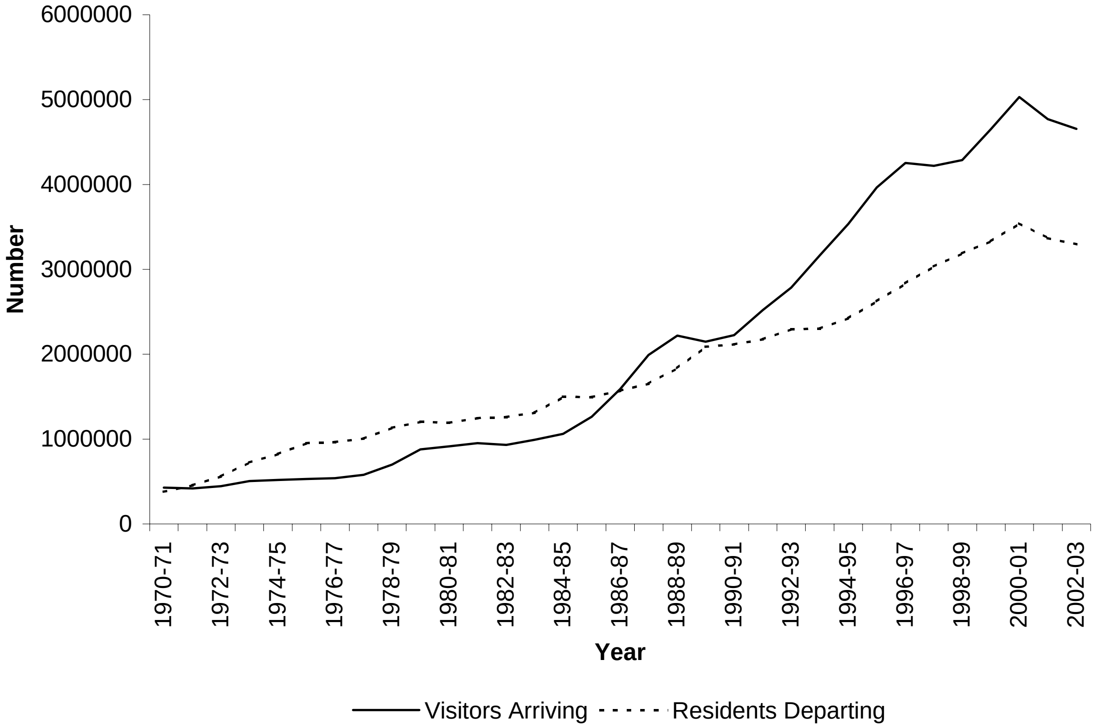
Over recent times new visa types involving temporary migration have been created, especially those involving temporary migration for work (Birrell and Healy 1997). These often cut across the long-term and short-term categories. Table 21 shows that over the last two decades there has been a shift in overseas movement to Australia which has seen an increase in non-permanent moves.

Table 21: **Growth of Population Movement Into and Out of Australia, 1982-83 to 2002-03**
Source: Bureau of Immigration and Population Research 1993; DIMIA 2002c; DIMIA, unpublished data

		1982-83	1991-92	2002-03	Percent Growth 1982-2003
Arrivals					
Permanent		83,010	107,391	93,914	13.1
Long-term	- residents	48,990	62,920	95,784	95.5
	- visitors	30,740	63,861	184,095	498.9
	- total	79,730	126,781	279,879	251.0
Short-term	- residents	1,240,800	2,072,400	3,309,851	166.8
	- visitors	930,400	2,519,700	4,655,802	400.4
	- total	2,171,200	4,592,100	7,965,653	266.9
Departures					
Permanent		24,830	29,122	50,463	103.2
Long-term	- residents	47,020	67,191	86,211	83.3
	- visitors	25,440	47,971	82,894	225.8
	- total	72,460	115,162	169,105	133.4
Short-term	- residents	1,259,100	2,173,500	3,293,336	161.6
	- visitors	907,500	2,473,700	4,714,636	419.5
	- total	2,166,600	4,647,100	8,007,972	269.6

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 6 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.

Figure 6: **Australia: Short-Term Movements, 1970-71 to 2001-03**
Source: DIMIA *Australian Immigration Consolidated Statistics and Immigration Update*, various issues; DIMIA unpublished data



The graph also shows a flattening off in 2001-02 reflecting the downturn in international travel following the 11th September events. 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 percent. 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 6 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 41.4 percent of visitors to Australia in 2002-03 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, to 773,100 in 1999-2000 to 787,700 in 2001-02 and to 793,100 (17.0 percent of the total) in 2002-03. Japan continues to be a large source with 13.8 percent of the total although the numbers declined from 797,000 in 1997-98 to 725,800 in 1998-99, 705,500 in 1999-2000, 659,200 in 2001-02 and 658,600 in 2002-03. The UK and the USA are important origins of visitors (13.8 and 9.1 percent respectively) but other important Asian countries of origin are Singapore (261,600), Korea (195,800), China (177,100), Malaysia (142,400), Hong Kong (140,700), Taiwan (80,800), Indonesia (86,900) and Thailand (75,500).

The number of visitor visas granted in 2001-02 was 3,368,170, representing a 6.4 percent fall over the previous year due to the effects of 11th September 2001 but also the fact that the previous year contained the Sydney Olympics. In 2002-03 there was a further 3 percent decrease in the number of visitor visas issued. This was partly due to the impact of SARS. Indeed in the first six months of the period, there was a significant increase in the number of visitors but the impact of SARS in the first half of 2003 saw the numbers decline. Table 22 shows trends in visitor numbers over the last three years. Since New Zealanders do not require visas, they do not appear. Nevertheless, ten of the next top 16 origins of visitors are Asian. Moreover, while there was a decrease in numbers from most countries, large increases were recorded from China and Korea. There were also increases from India (8 percent), Brunei (15 percent) and Vietnam (11 percent) (Rizvi 2002, p. 39).

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

Table 22: Visitor Visas Granted (Offshore) – Key Source Markets
Source: Rizvi, 2003, 30

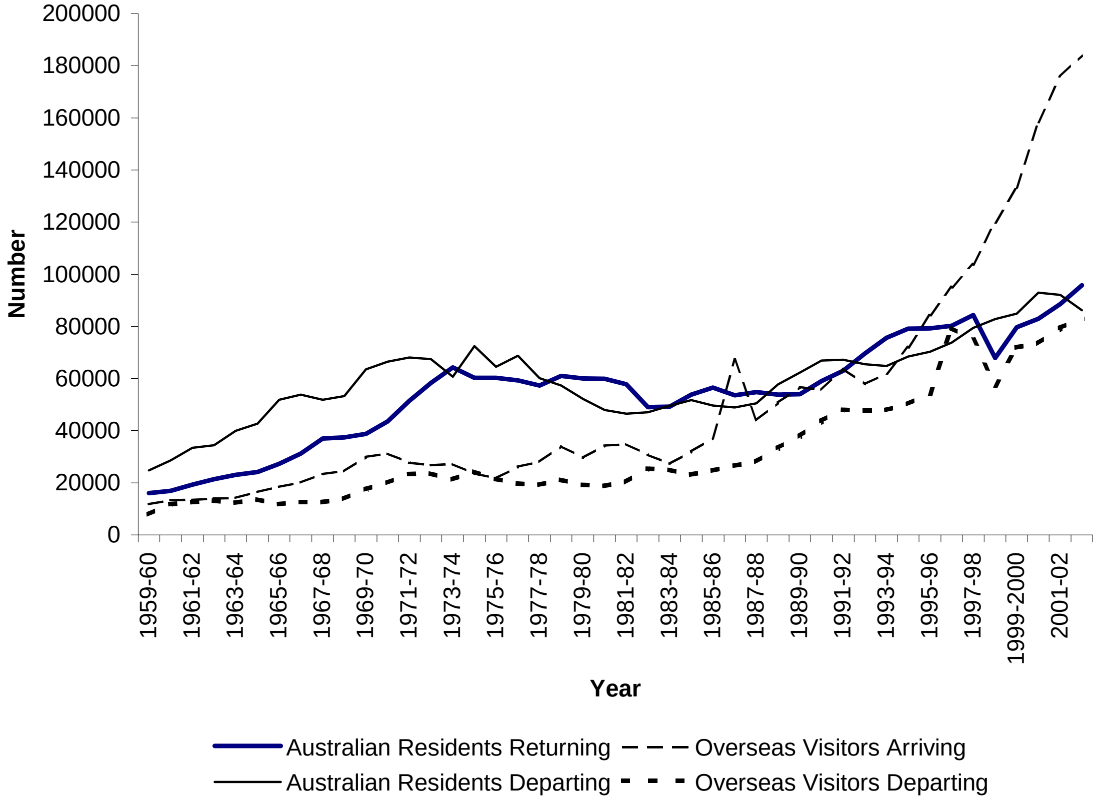
Country	2000-01	2001-02	2002-03	% Change 2001-02 to 2002-03
Japan	673,543	630,768	610,361	-9.3
United Kingdom	602,694	588,312	601,725	-0.2
USA	451,841	384,964	381,335	-15.6
Singapore	177,985	151,945	138,072	-22.4
Korea (ROK)	156,664	176,868	191,312	+22.1
Germany	152,149	142,880	135,768	-10.8
Malaysia	130,134	128,423	122,296	-6.0
PRC	108,618	128,656	129,446	+19.2
Taiwan	103,242	85,060	63,819	-38.2
Canada	92,284	91,982	86,167	-6.6
France	86,732	86,522	83,488	-3.7
Hong Kong SAR	74,591	65,377	58,528	-21.5
Netherlands	59,804	56,435	54,091	-9.6
Indonesia	56,996	58,049	51,936	-8.9
Italy	56,518	45,434	46,117	-18.4
Thailand	50,478	49,503	47,935	-5.0
Global Total	3,540,178	3,332,858	3,233,066	-8.6

* Some 2000-2001 and 2001-2002 figures differ from last year's report, reflecting minor data updating.

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 form of 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 increase in long-term arrivals to Australia shown in Figure 7. This has had an impact, at least in the short-term, on overall net migration gains in Australia. It will be noted

Figure 7: **Australia: Long-Term Arrivals and Departures, 1959-60 to 2002-03**
Source: DIMIA *Australian Immigration Consolidated Statistics and Immigration Update*, various issues; DIMIA unpublished data.



from Figure 8 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 since 1999-2000 the net migration gain from long-term movement exceeded that from permanent movement.

Figure 8: **Australia: Net Permanent and Long-Term Movement as a Percentage of Total Net Migration Gain, 1983-2003**

Source: DIMIA *Immigration Update*, various issues and unpublished data

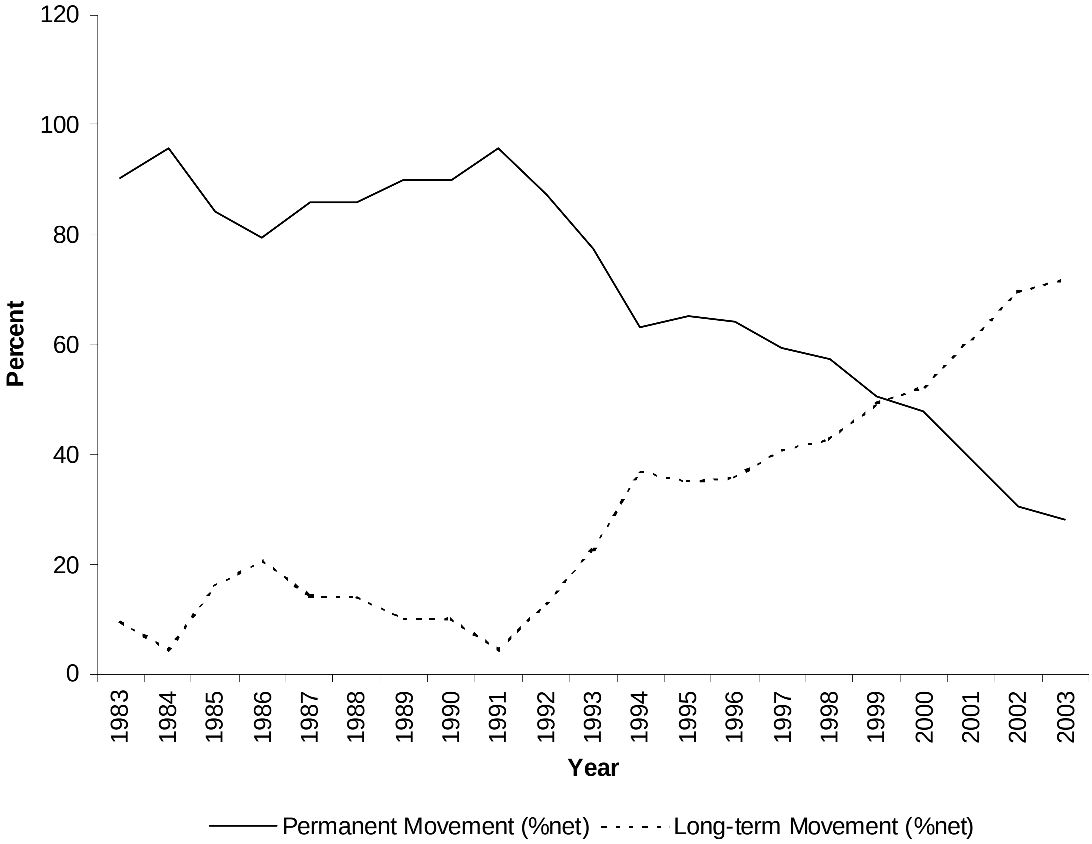
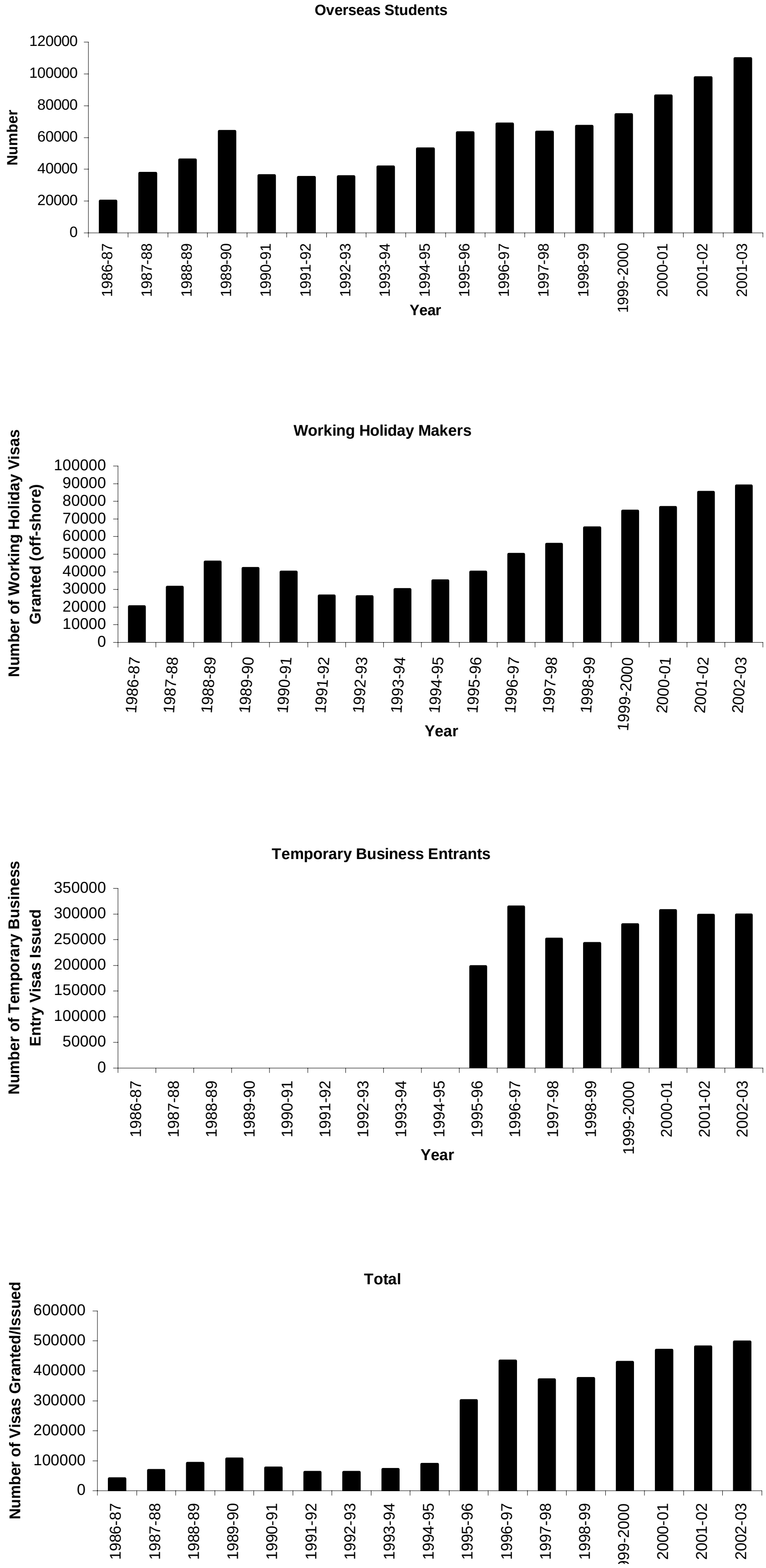


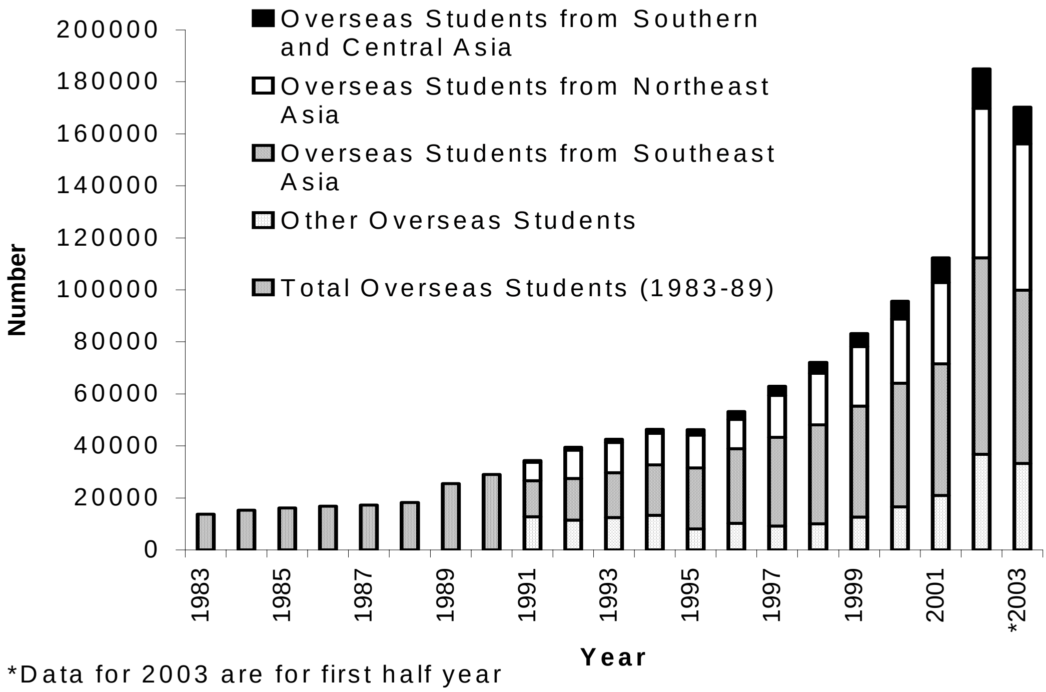
Figure 9 shows some recent trends in the major forms of temporary migration to Australia. One type of short-term movement of particular significance is the increasing tempo of migration of Asian students (Shu and Hawthorne 1996). Over the 1987-2000 period the number of full-fee overseas students in Australia increased from 7,131 to 188,277 (DEETYA 1995; DETYA 2002). The crisis in Asia had some impact as Figure 9 shows but the numbers of new student visas given off-shore increased by 6 percent to 67,130 over 1998-99, by 11 percent to 74,428 in 1999-2000, by 15.5 percent to over 86,000 in 2000-01, by 13 percent to 97,560 in 2001-02 and by 12 percent to 109,610 in 2002-03. The major sources are the USA (10,477 visas) and Asian countries such as the PRC (14,215), Korea (7,323), Malaysia (8,032) and Hong Kong (6,576).

Figure 9: **Temporary Migration to Australia by Category, 1986 to 2003**
Source: DIMIA *Population Flows: Immigration Aspects*, various issues; Rizvi 2003



The dominance of Asians in the student flow to Australia is evident in Figure 10. This has contributed to Australia having the third largest inflow of foreign students among the OECD nations and Australia having a larger proportion of its tertiary students being made of foreign students than any country.

Figure 10: Overseas Students in Australian Universities, 1983-2003
Source: DETYA *Students: Selected Higher Education Statistics*, various issues



In 2002-03 there were 162,575 visas granted to overseas students – a record and a 7 percent increase over the previous year (Rizvi 2003, p. 35). Of these, there were 109,610 granted offshore – a 12 percent increase. Table 23 shows that four of the five largest nations of origin of students were Asian. Indeed, 12 Asian countries (those in Table 23 and Indonesia, Thailand, Singapore, South Korea, India, Taiwan, Bangladesh and Vietnam) sent more than 1,000 students to study in Australia.

Table 23: Major Source Countries for Student Visas Granted to Students Outside Australia in 2001-02 and 2002-03

Source: Rizvi, 2002, 42 and Rizvi, 2003, 36

Offshore Student Visa Grants			
Citizenship	2001-02	Citizenship	2002-03
PRC	13,452	PRC	14,215
USA*	8,938	USA*	10,477
Malaysia	7,427	Malaysia*	8,032
Hong Kong	6,862	Korea, Republic of	7,323
Japan	6,243	Hong Kong SAR	6,576

* includes eVisa grants

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 9 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 85,200 in 2001-02 and 88,758 in 2002-03, more than doubling in the 1990s. Kinnaird (1999) reports that while the economic impact nationally of WHM migration is limited it has significant impacts in specific industries in specific areas. While Europeans dominate this category, there are significant numbers from Japan (9,711 in 2002-03), Korea (5,858) and Hong Kong (130).

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

- 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 9 indicates there has been a fall in this category since a peak in 1996-97 and in 2002-03 a total of 254,180 Business Visitors visas were granted, a decrease from 254,180 in 2001-02, primarily due to the impact of SARS (Rizvi, 2003,33). Among the Business visitors, the USA accounts for 17.4 percent and the United Kingdom 8.7 percent and the main Asian groups are from China (19.4 percent), Japan (6.3 percent), India (4.8 percent) and Indonesia (3.5 percent). The Temporary Business Entry (Long Stay) sub-class 457 visa enables highly qualified/skilled persons to enter Australia for up to 4 years to take up pre-nominated positions with approved Australian sponsor-employers, mostly in professional or management positions (Rizvi 2002, p. 45). The number of visas granted fell by 8.7 percent from 36,902 in 2000-01 to 33,705 in 2001-02 but increased by 12.2 percent to 37,859 in 2002-03. Rizvi (2002, p. 45) attributes the fall to the 30.8 percent drop in the number of Information and Communication Technology (ICT) professionals applying from offshore and the downturn in the Australian ICT industry in 2001-02. This was offset by some increase in nomination from other groups. For example, nurses increased by 144 percent from 1,049 to 2,563. Rizvi (2003, 37) attributes the increase in the last year to the …

> “strong demand for skilled workers in the health industry with growth in the number of visas granted to registered nurses experiencing a 54 percent increase in visa grants in 2002-03 over 2001-02 (1,901 visas in 2002-03 compared to 1,228 visa grants in 2001-02). Registered nurses are the largest single occupation sought by Australian employers. The Information,

Communication and Technology (ICT) industry is the largest represented occupational group with 19.3 percent of the top 50 occupations nominated by Australian employers seeking skilled overseas workers on a temporary basis."

Rizvi, (2003, 37) explains that at 30 June 2003, there were 56,344 Subclass 457 visa holders in Australia, an increase of 2.4 percent on the 30 June 2002 figure of 55,001. Table 24 shows that Asians are not as predominant in this visa category as among some others, although four of the nine largest nations of origin are Asian (India, Japan, Korea and China).

Table 24: Temporary Business Entry Visa Grants 2001-02 and 2002-03
Source: Rizvi, 2003, 7

Country	2001-02	2002-03	% Variation
United Kingdom	9,662	11,677	20.8
India	3,078	3,670	19.2
USA	2,642	2,846	7.7
Japan	2,441	2,278	-6.7
South Africa, Republic of	1,892	2,210	16.8
Irish Republic	1,628	1,648	1.2
Korea, Republic of	1,608	1,259	-21.8
PRC	1,117	1,165	4.3
Canada	1,052	1,138	8.1
Other countries	8,653	9,968	15.5

One of the major impacts of the changes in visas allowing more temporary entrance for work in Australia has been a substantial increase in the number of temporary residents in Australia. Hence, Table 25 shows that the number of persons granted temporary residence permits in Australia has almost trebled over the last decade. The table shows a consistent pattern of the U.K. accounting for more than a third of temporary residents and Asians making up around a quarter.

Table 25: Australia: Inflows of Temporary Residents by Region/Country of Citizenship, Financial Years 1990-91 to 2001-02 (Thousands)

Source: Rizvi 2002, p. 94

2000-2001 financial year data is currently unavailable.

REGION/ COUNTRY OF CITIZENSHIP	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97 (b)	1997-98 (a)(b)	1998-99 (a)(b)	1999-00 (a)(b)	2000-01	2001-02
United Kingdom/Ireland	47.0	34.9	26.5	35.7	42.1	42.8	52.5	64.6	73.3	89.9	n.y.a	113.6
Other Northern Europe	15.5	14.4	12.7	15.9	16.9	17.7	18.9	21.9	24.4	29.0	n.y.a	53.4
Southern Europe	3.9	2.7	2.9	3.3	3.0	2.8	2.8	3.1	3.0	4.2	n.y.a	3.9
USA and Canada	29.5	26.1	20.8	24.1	26.1	27.9	27.5	31.6	33.6	34.5	n.y.a	61.8
South and Other America	1.0	1.1	1.1	1.4	1.0	0.8	0.9	1.0	1.9	2.3	n.y.a	1.9
Asia (excluding Middle East)	38.0	34.9	26.1	30.6	30.4	33.1	38.5	43.9	49.1	52.9	n.y.a	92.3
Middle East	0.9	1.0	0.9	1.1	1.1	1.3	1.2	1.2	1.5	1.8	n.y.a	2.5
Africa	1.0	1.1	0.9	1.9	2.2	1.8	2.7	4.2	5.0	6.7	n.y.a	8.4
Oceania	1.7	1.2	1.2	1.1	1.4	1.8	1.6	1.4	2.2	2.5	n.y.a	2.2
Other and not Stated	0.4	0.6	0.1	0.1	0.2	0.3	0.4	0.3	0.1	0.2	n.y.a	0.1
TOTAL	**139.0**	**117.8**	**93.2**	**115.2**	**124.4**	**130.2**	**147.1**	**173.2**	**194.1**	**224.0**	**n.y.a**	**340.2**
TOTAL FEMALES	**52.4**	**44.0**	**34.8**	**43.2**	**51.3**	**55.9**	**62.4**	**74.3**	**81.0**	**94.6**	**n.y.a**	**140.1**

Source: Department of Immigration and Multicultural and Indigenous Affairs – unpublished tabulations.

(a) Includes arrivals under Temporary Business Entry (TBE) (Long Stay) Subclass 457
(b) Excludes Arrivals under TBE (Short Stay) Subclass 456 and Electronic Travel Authority (ETA) Business Entrant (Long Validity) Subclass 956 and ETA Business Entrant (Short Validity) Subclass 977

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. Currently, non-residents make up a significant number of the people in Australia at any point in time. Table 26 presents official (DIMIA) estimates of the number of persons temporarily in Australia in mid 2000 and 2001. This indicates that there were over 200,000 people in Australia temporarily with work rights and a similar number without work rights. This

Table 26: Temporary Entrants to Australia
Source: DIMIA 2000a; DIMIA 2002b; Rizvi 2003; DIMIA 2003c

	Flow 1999-2000	Flow 2000-2001	Flow 2001-02	Flow 2002-03	Stock 30 June 2001	Stock 30 June 2002
Visitors	3,057,147	3,279,549	3,074,384	3,050,492	201,700	184,942
Overseas students	74,428	86,277	97,650	109,610	138,200	154,017
Working holiday makers	74,454	76,576	85,207	88,758	46,600	48,203
Temporary business visitors	236,085	260,957	258,020	254,180	12,600	12,462
Temporary business residents	35,006	40,493	33,705	37,859	56,000	55,001
Bridging visa holders(1)	-	-	-	-	63,200	61,431
Social, cultural, international relations program	37,880	37,912	35,167	34,252	25,700	26,849
Other	4,215	65,476	64,296	na	11,200	17,273
Total	3,519,215	3,847,240	3,648,429	na	554,200	560,178

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

represents a substantial number of people equivalent to 2-3 percent of the permanently resident workforce. DIMIA (2002b, p. 53) estimates that at 30 June, 2001 there were 554,200 persons in Australia on temporary visas – 202,500 had been in Australia for less than three months, 193,800 between three and twelve months and 157,800 longer.[2] The largest group of the 554,200 were from the UK (93,400), followed by the USA (42,100), China (36,700), Japan (33,200) and Korea (33,100).

Turning to the smaller temporary entry economic categories …

- Educational visas allow educational and research institutions or organisations to fill academic, teaching and research positions that cannot be filled from within the Australian labour market.

  Educational visa grants decreased from 1,819 in 2001-02, to 1,385 in 2002-03. Numbers of visa grants under this subclass will continue to decrease as applicants are being encouraged to apply under the streamlined procedures of the subclass 457 visa instead. At 30 June 2003, there were 1,293 Educational visa holders in Australia (a 24.4 percent decrease on the 30 June 2002 figure of 1,711).

[2] These figures do not include New Zealand citizens.

- Medical practitioner visas facilitates employment of qualified general and specialist medical practitioners where there is a demonstrated need for employing practitioners from overseas. Many of the temporary resident doctors are recruited to fill identified “area of need” positions with the focus being on providing services to regional and remote areas of Australia. Family members are also approved to accompany the approved medical practitioners. They increased 29.5 percent from 3,886 in 2001-02 to 5,031 visa grants in 2002-03. At 30 June 2003, there were 3,522 Medical Practitioner visa holders in Australia (24.5 percent above the 30 June 2002 figure of 2,899).
- Retirement visas - temporary stays for retirees who may not meet permanent visa criteria, but who can support themselves beyond a level at which any aged community concessions may apply. They can stay for four years initially, with two years additional periods available for those continuing to meet health and financial level criteria. In 2002-03, 3,107 visas were granted in this subclass. Of this number, 1,523 visas were granted offshore and 1,584 visas were granted onshore. Of the onshore 1,584 visa grants, 1,177 of the visa grants were for second or subsequent stays of two years.
- In the socio cultural area 19,312 visas were granted compared to 20,817 in 2001-02.
- In the International Relations stream 14,940 visas were granted compared to 14,350 in 2001-02.

3.4 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 Table 27 and Table 28 that over the last 20 years the proportion that net migration contributed to population change varied from a low 17.8 percent in 1993 to a high of 54.5 percent in 1989. In the last two years Table 27 shows that net migration gains have been at their highest levels for more than a decade and have contributed a larger proportion of national population growth since 1989. It is also significant that natural increase levels have fallen to their lowest levels for more than two decades.

Table 27: **Components of Population Growth, 1977-2003**
Source: DIMA 1999, p. 94; ABS 2003f

Year Ended 30 June	Total Population	Population Growth			
		Natural Increase		Net Overseas Migration	
		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	33.1
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	18,537,900	126,400	59.2	87,100	40.8
1998	18,711,300	119,850	60.2	79,162	39.8
1999	18,925,900	121,687	55.8	96,483	44.2
2000	19,153,400	120,918	53.0	107,275	47.0
2001	19,413,200	118,587	46.6	135,673	53.4
2002	19,641,000	117,183	51.5	110,556	48.5
2003	19,881,500	115,195	47.9	125,295	52.1

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.

There has been some debate in Australia over the last decade regarding the estimating of net overseas migration. Since the mid 1980s, the Australian Bureau of Statistics (ABS) has estimated net migration as the balance between permanent and long term immigration and permanent and long term emigration. However, a problem in the approach arose through "category jumping" by people who changed their stated length of residence in, or absence from, Australia. The ABS overcame this through indirect estimates of this category jumping. A review of this in 1999 identified a number of problems in the methodology (Khoo and McDonald, 2000) and the ABS announced in 2003, that given the increasing problems of estimating category jumping using this method, it would not estimate it until a new method could be devised (ABS, 2003g). McDonald, Khoo and Kippen (2003) showed that the failure to take into account category jumping is leading to a systematic over estimation of net international migration. This is largely because the increasingly large number of long term temporary migrants to Australia often leave the country on a short term basis while in Australia (e.g. students returning home during vacations, temporary business migrants on business and holiday trips, etc.). These people tend to identify as a long term entrant on each arrival and as a short term departure each time they leave on such a trip. This is leading to an over estimation of long term arrivals. McDonald, Khoo and Kippen (2003) have proposed one new approach to estimating category jumping but it is understood the ABS is likely to adopt an alternative approach.

As a result, there is a degree of uncertainty about current estimates of net migration in Australia. Nevertheless a key dimension of 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 gains. This is evident in Table 28, which shows that net migration gains by permanent movement were much larger than net gains by long-term movement until the mid 1990s. With the introduction of new temporary business movement categories, not only did the numerical net gains of long-term movers increase but their size relative to net permanent gains also increased until 2000 when for the first time it was larger. In the subsequent years the gap has increased such that in 2002 long-term net gains were

Table 28: Components of Net Overseas Migration ('000), 1983-2003
Source: DIMA 2000a, p. 106; ABS 2003f, p. 24

Year Ended 30 June	Permanent Movement			Long-Term Movement			Category Jumpers[a]	NOM	Perm[b]	L-t[b]
	Arrivals	Departures	Net	Arrivals	Departures	Net				
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%
2001	107.4	46.5	60.9	241.2	166.4	74.8	-	135.7	44.9%	55.1%
2002	88.9	48.2	40.7	264.5	171.4	93.0	23.1	110.6	30.4%	69.6%
2003	93.9	50.5	43.4	279.9	169.1	110.8	-28.9	125.3	28.1%`	71.9%

[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.

twice as large as net permanent gains. This represents a significant departure in Australian immigration and raises a number of issues including the following:

- To what extent is the excess of long term arrivals over long term departures for the reasons discussed above? What is clear, however, is that even allowing for these problems, there is still an excess of long term arrivals over long term departures and this raises a number of important questions.
- To what extent is the long term net gain a temporary phenomenon, which will eventually disappear? If all workers arriving under visa categories like temporary business, working

holiday, student etc. eventually leave Australia, one would expect the losses to eventually be more or less equal to the gains.

- Clearly, there is some leakage across from long term to permanent settlement. It has been estimated (Ruddock 2002) that in 2000-01 about 10 percent of skilled temporary entrants changed to permanent residence. This suggests that there is significant 'category jumping' from long term to permanent status and hence some double counting in the net gains of permanent and long term residents. The extent of category jumping has been estimated by the ABS and is included in Table 26. It would appear that the category jumping has been quite large (35,100) in 2002 suggesting that this is becoming a most important phenomenon. Table 29 presents data regarding the number of 457 (Temporary Business Long Stay Migrants) who were granted permanent residence over the 1999-2001 period. This indicates that a significant proportion of this group are transferring to permanent residence and the numbers and rate appear to be increasing.

Table 29: Australia: Temporary Business Long Stay Migrants (Category 457) Who Were Granted Permanent Residence 1999-2001

Source: Hugo 2003b

Year	Number Granted Permanent Residence	As a Percent of 457 First Arrivals	As a Percent of all Business Temporary Residence Visas
1999-2000	3,019	27.8	8.6
2000-2001	5,699	41.8	14.1

- A number of issues flow from the last point. To what extent is temporary entry now becoming a 'de facto' settlement migration category? To what extent are individual persons seeing temporary entry as a strategy to eventually obtain permanent residence? To what extent have people who intend to come to Australia to work and live for a limited period in the past entered as settlers because there was no temporary visa category available to them but since 1995 have come in to Australia under the new temporary visa categories?
- The government has introduced some mechanisms to facilitate the transfer from temporary to permanent residence. For example, some categories of foreign students can

obtain more or less automatic permanent residence if they have particular skills in high demand in the labour market.

The interface between permanent and temporary work-related migration to Australia is an important area of both policy and theoretical significance but little is currently known regarding it.

3.5 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 30 shows that over recent years departures on a permanent or long-term basis have been very substantial. In 2001-02 permanent departures numbered 48,241 compared with an average of 30,539 over the previous 14 years. This represents a 17.4 percent increase over 1999-2000 and a 61.6 percent increase over 5 years earlier. In 2002-03 there was a further 4.6 percent increase in outflow, which reached 50,463 persons. Table 31 shows the numbers of permanent departures is at record levels. It also indicates that there has been a substantial increase in the ratio of permanent emigration to permanent immigration and it 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 31 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 children born in Australia to overseas-born returnees.

Turning to long-term departures, Table 30 indicates that this reached unprecedented levels in 2001-02 of 171,446. This was well above the 14 year average of 123,128 and 9.4 percent more than two years earlier. Clearly, there has been a significant growth of movement out of Australia in recent years (Hugo, Rudd and Harris 2001). There was a small fall to 169,100 in 2002-03.

Table 30: **Australia: Settlers and Long-Term Migration, 1987-2003**
Source: DIMIA *Immigration Update*, various issues and unpublished data

	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	2000-01	2001-02	2002-03
Permanent Migration																
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	107,360	88,900	93,920
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	46,530	48,241	50,460
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	60,830	40,659	43,460
Long-Term Migration																
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	241,210	264,471	279,890
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	166,400	171,446	169,100
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	74,810	93,025	110,790
Total Permanent and Long-Term Net Gain	143,220	137,242	103,866	94,757	89,888	62,671	67,381	93,042	109,661	94,396	79,162	96,483	107275	135,640	133,684	154,250
% 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	55.2	69.6	71.8

Table 31: Australia: Permanent Movement, Financial Years, 1968-2003

Sources: DIMIA *Australian Immigration Consolidated Statistics and Immigration Update*, various issues

Financial Year	Settler Arrivals	Former Settlers*		Permanent Departures Australia-Born**		Total	Departures as % of Arrivals
		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
2000-01	107,360	23,440	50.4	23,081	49.6	46,521	43.3
2001-02	88,900	24,095	49.9	24,146	50.1	48.241	54.3
2002-03	93,920	24,885	49.3	25,578	50.7	50,463	53.7

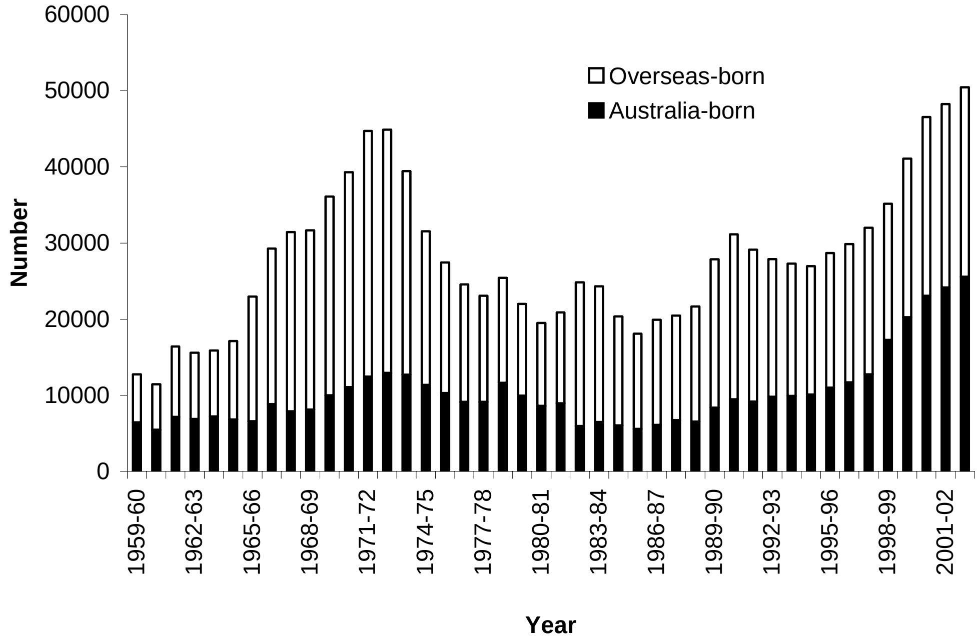
* Data 1988-89 to 2002-03 constitute permanent overseas-born departures due to a change in definition by DIMIA. Data prior to this constitute former settler departures.

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

In considering this outmovement it is important to distinguish between that of Australian residents and people who have come from other nations. With respect to permanent emigration, Table 31 distinguishes between former settlers and the Australia-born. The outstanding feature of the table is the increasing share of the Australia-born in the permanent departures. In fact, 2001-02 was the first year that Australia-born permanent departures have outnumbered former settlers leaving the nation. Moreover in 2002-03 their numbers reached by far the highest level on record – 25,578 – twice the average for the 1990s (12,145) and almost three times the average of the 1980s (8,875). The numbers of Australia-born leaving the country permanently doubled over the last five years. It is apparent from Figure 11 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.

Figure 11: **Permanent Departures of Australia-Born and Overseas-Born Persons from Australia, 1959-60 to 2002-03**

Source: DIMIA, *Australian Immigration Consolidated Statistics* and *Immigration Update*, various issues; DIMIA unpublished data



Note: Data for 2000-01 are not yet available.

If we look at the pattern of long-term out-movement of Australian residents, a similar pattern emerges. Figure 12 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 32, again this provides evidence of increasing Australia-born movement out of Australia on a long-term basis. Between 1998-99 and 2001-02 there was an increase in the number of long-term departures from Australia from 140,281 to 171,446 persons (22.2 percent). It will be noted however, that there was a small decline to 169,100 persons (1.4 percent) perhaps reflecting some impact of the SARS epidemic and the shifting global security situation. The number of long term departures who were Australian residents increased each year between 1993 and 2001 from 64,786 to 92,960. Subsequently however, it fell to 82,900 by 2003. There were net losses by long term migration among Australian residents between 1998 and 2002 but a gain in 2002-03.

Figure 12: Australian Resident Long Term Departures from Australia, 1959-60 to 2002-03

Source: DIMIA Australian Immigration Consolidated Statistics and Immigration Update, various issues; DIMIA unpublished data

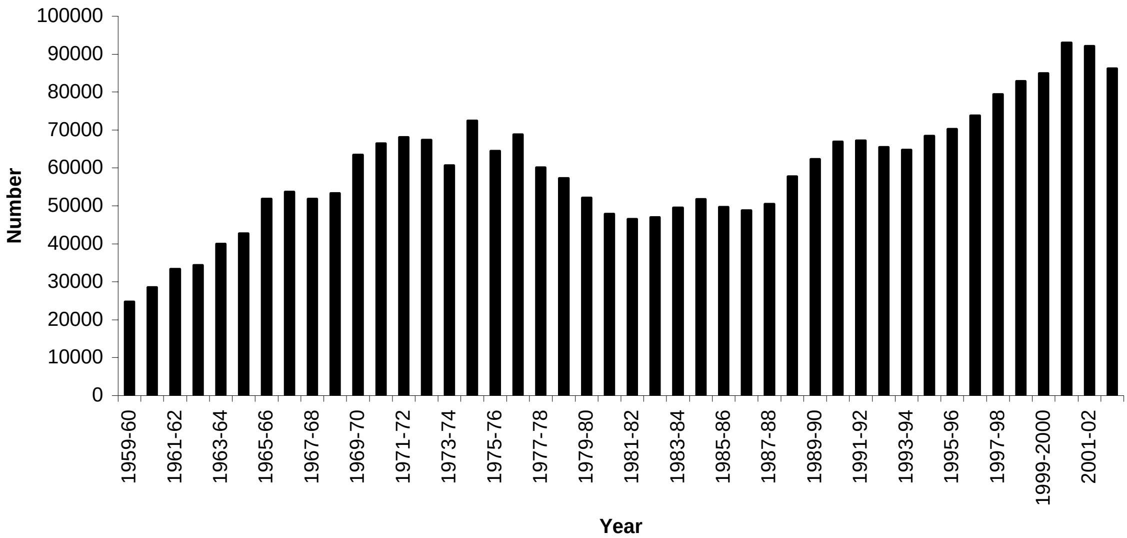


Table 32: Australia: Long-Term Movement, 1959-60 to 2002-03

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

	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
2000-01	82,900	158,310	241,210	92,960	73,440	166,400	-10,060	84,870	74,810
2001-02	88,598	175,873	264,471	92,071	79,375	171,446	-3,473	96,498	93,025
2002-03	95,790	184,100	279,890	86,200	82,900	169,100	9,590	101,200	110,790

Settler loss has been an important feature of the post-war Australian migration scene with more than 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 remigrating than family migrants. The recent upswing in settler loss – increasing by 38.8 percent between 1998-9 and 2002-03 – would tend to support this. This is especially the case since the level of immigration was comparatively low in the mid 1990s and trends in settler loss in the past have tended to mirror immigration trends offset by around five years (Hugo 1994).

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 (Hugo, Rudd and Harris, 2003). 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 transilience of such groups, that is, hypermobility involving remigration and return (Richmond 1991:4). 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 transilience 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 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.

3.6 Future Immigration

Australia's immigration is a highly planned programme and Table 33 shows the planning levels for the various categories of settler entry. Again the increasing importance of skill and economic focus in the programme is evident.

Table 33: 2003-04 Migration Program Planning Levels
Source: Rizvi 2003

Category or Component	Planning Level
Spouse/Interdependency[a]	30,200
Fiance[a]	5,200
Child[b]	2,800
Parent	500
Other [c]	1,900
Total Family	40,600
Skilled Australian Sponsored[d]	11,800
Skilled Independent	33,400
ENS/LA/RSMS/STNI[e]	10,500
Business Skills[f]	7,400
Distinguished Talents	200
1 November	0
Total Skill	63,300
Special Eligibility	1,100
Total Program +/- 5,000 from mid-point[g]	100,000-110,000
Parent Contingency Reserve - Existing Parent [h]	1,000
Parent Contingency Reserve - Contributory Parent	5,500
Total Parent Contingency Reserve	6,500
Total Program with Contingency Reserve	106,500-116,500

3.7 Workforce Characteristics of International Migrants

Because of its age structure 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). In 2003 they made up 24.6 percent of the workforce compared with 23 percent of the total population in 2001. However, as Table 34 indicates, their participation rates are lower than those of the Australia-born. However, because many of the children of the overseas-born are Australia-born the

Table 34: Australia's Labour Force by Birthplace August 2003
Source: Rizvi 2003, 89

Birthplace	Employed (000s)	Unemployed (000s)	Unemployment Rate (%)	Participation Rate (%)
Australian-born				
Males	3930.9	225.3	5.4	74.6
Females	3207.3	191.9	5.6	59.5
MESC-Born				
Males	571.7	24.1	4.0	72.0
Females	428.5	17.1	3.8	56.8
NESC-Born				
Males	768.4	59.8	7.2	61.2
Females	565.6	45.3	7.4	43.6

overseas-born represent a higher proportion of the workforce than of the total population. In the past, people with limited ability to speak English have had difficulty in entering the Australian labour market (Wooden *et al.* 1994) so it is of relevance to consider the overseas-born in terms of those from Mainly English Speaking nations and those from Non-English Speaking (NES) countries. The former make up 10 percent of the total Australian workforce while the latter are 14.6 percent. It is notable in Table 34 that the participation rates are lower among the NES than in the MES, reflecting their greater difficulty in entering the labour market. This is also reflected in higher levels of unemployment among the NES. Indeed, the MES had a lower level of unemployment than the Australia-born workforce. There are, of course, considerable variations between individual birthplace groups in their labour force participation (Hugo 1996b; Richardson, Robertson and Ilsley, 2001) as there are between different visa categories of settlers.

There are some interesting differences between the overseas-born and the Australia-born in the sectors in which they work. Table 35 indicates that the migrant population are *over*-represented in manufacturing (especially the NES), mining (only the MES), finance, business services, property and insurance. On the other hand, they are *under*-represented in agriculture, retail trade and some services.

Table 35: **Employed Persons by Industry and Birthplace August 2003**
Source: Rizvi 2003, 90

Industry	Aust. Born	% of Total	MESC Born	% of Total	NESC Born	% of Total
Agriculture/Forestry/Fishing	329.4	4.6	17.8	1.8	25.7	1.9
Mining	65.7	0.9	11.1	1.1	4.1	0.3
Manufacturing	741.8	10.4	122.5	12.2	227.6	17.1
Electricity/Gas/Water	66.6	0.9	8.8	0.9	7.2	0.5
Construction	589.8	8.3	87.6	8.8	95.2	7.1
Wholesale Trade	317.4	4.4	52.8	5.3	69.4	5.2
Retail Trade	1,137.5	15.9	112.7	11.3	183.2	13.7
Accommodation/Cafes/Restaurants	323	4.5	45	4.5	94.7	7.1
Transport/Storage	314.1	4.4	45	4.5	65.9	4.9
Communication Services	128.1	1.8	20.6	2.1	27.8	2.1
Finance/Insurance	245.6	3.4	40.1	4.0	55	4.1
Property/Business Services	813.9	11.4	143.2	14.3	176.5	13.2
Government Admin/Defence	336.7	4.7	39.7	4.0	50	3.7
Education	556.9	7.8	76.3	7.6	75.6	5.7
Health/Community Services	667.9	9.4	121.3	12.1	128.7	9.6
Cultural/Recreational Services	199.1	2.8	22.3	2.2	15.3	1.1
Personal/Other Services	304.7	4.3	33.5	3.3	32	2.4
Total	7138.1	100.0	1000.2	100.0	1334.1	100.0

There are also some differences between the overseas-born and Australia-born with respect to occupation as Table 36 indicates. Migrants are slightly under-represented among managers, reflecting their small numbers among families. They are over-represented among

Table 36: **Employed Persons by Occupation by Birthplace by Gender**
Source: Rizvi 2003, 91

Industry	Australian Born		MESC-Born		NESC-Born	
	M	F	M	F	M	F
Managers/Administrators	386.8	137.5	62.4	15.1	58.3	18.2
Professionals	609.3	672.6	115.8	101.2	151.2	122.2
Associate Professionals	499.1	342.4	84.6	63.8	105.9	58.4
Tradespersons & Related Workers	848.4	86.7	122.8	8.8	141.2	15.6
Advance Clerical & Service Workers	31.4	258.8	4.2	41.0	5.8	36.1
Intermediate Clerical & Service Workers	347.6	926.5	48.8	125.6	56.8	132.9
Intermediate Production & Transport Workers	528.2	72.1	68.3	6.4	99.9	29.2
Elementary Clerical, Sales & Service Workers	260.2	503.8	26.0	40.4	50.1	73.6
Labourers & Related Workers	420.0	206.8	38.8	26.2	99.3	79.5
Total	3930.9	3207.3	571.7	428.5	768.4	565.6

professionals, especially among the MES migrants. The NES group are over-represented among labourers.

As Table 34 shows unemployment rates were lower among MES migrants than the Australia- born but higher among MES migrants. The major factors associated with this are English language proficiency, age, skill, recognition of, and level of, qualifications, category of migration and duration of residence in Australia. Table 37 shows that there are substantial variations between regions of origin with respect to different birthplace groups in relation to unemployment. It will be noted that Southern Asians have lower levels of unemployment than the Australian average due to the high proportion of skilled migrants and high English language proficiency The levels are higher than for the Australian-born among immigrants from East and Southeast Asia with especially high rates being recorded among the Vietnam-born.

Table 37: Unemployment Rates by Region and Country of Birth 2003
Source: Rizvi 2003, 92

Country of Birth	Males	Females	Total
Oceania	5.4	5.6	5.5
New Zealand	5.3	4.9	5.1
South East Asia	8.5	8.8	8.7
Vietnam	12.3	10.9	11.7
North East Asia	7.1	9.5	8.2
Southern Asia	4.5	7.1	5.5
Africa (Exc. North)	5.4	4.2	4.8
Middle East and North Africa	13.8	17.5	15.1
Lebanon	21.7	21.3	21.6
Northern America	3.1	5.1	3.9
South & Central America and Caribbean	8.6	4.4	6.8
Europe & the Former USSR	4.6	3.6	4.2
Germany	7.9	5.0	6.5
Greece	2.4	6.4	3.6
Italy	3.1	1.9	2.7
United Kingdom/Ireland	3.6	3.3	3.4
Former Yugoslavia	10.6	5.7	8.6

Figure 13 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. This is evident in the results from the Longitudinal Survey of Immigrants in Australia (LSIA) depicted in Table 38. 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.

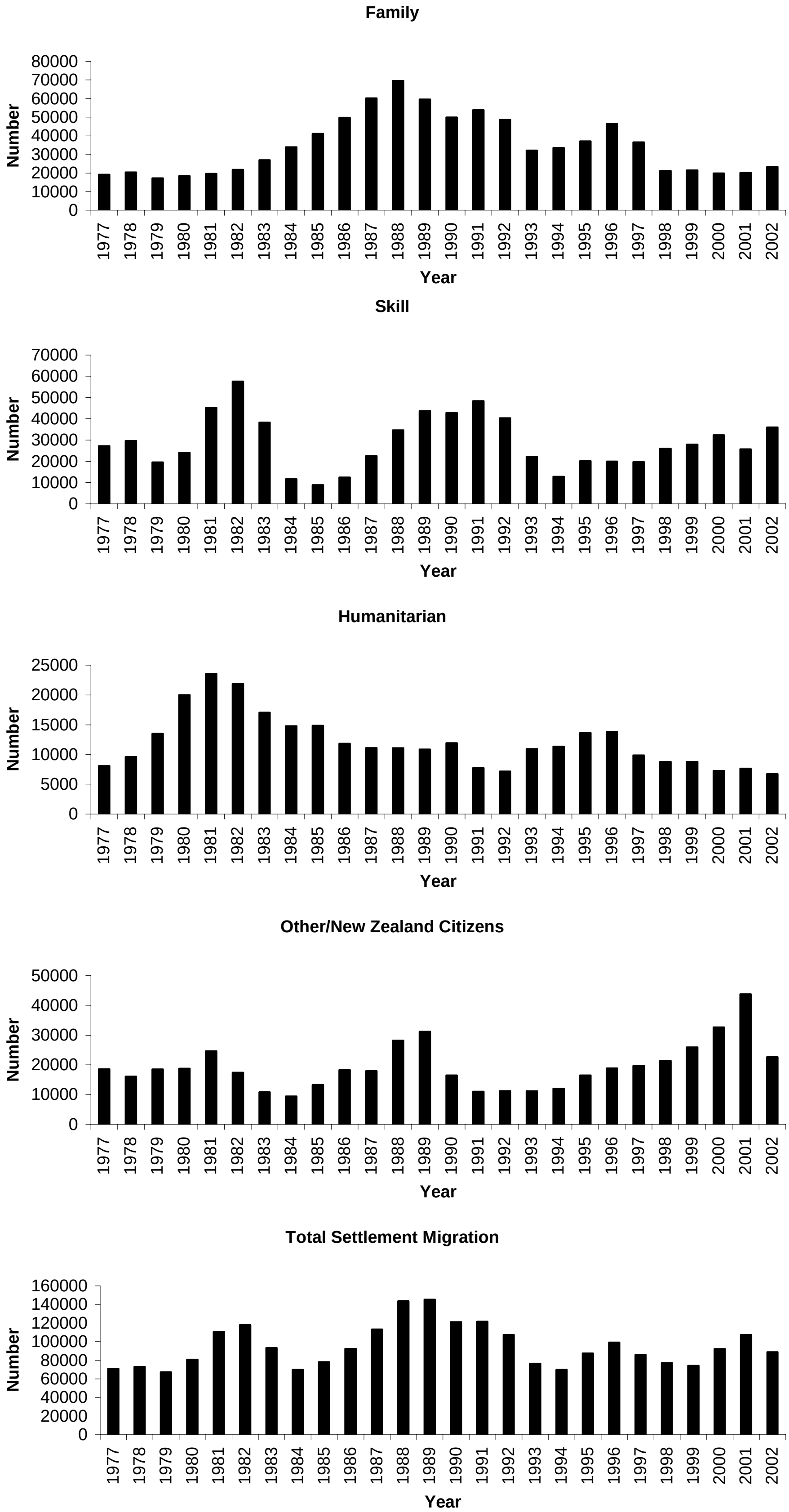
Table 38: Longitudinal Survey of Immigrants in Australia: Workforce Characteristics by Visa Category, 1993-95 (Wave 1) and 1998-99 (Wave 3)

Source: Unpublished tabulations

	Spouse	Family	Concessional Family	Marriage	Humanitarian	Skill	Independent	Business	Total
Percent in Workforce									
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
Percent of Workforce Unemployed									
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

The strenuous efforts of the government to put a greater economic focus on immigrant selection has been reflected in the improved labour market experience of the second cohort of

Figure 13: **Australia: Trends in Intake of Different Types of Settlers, 1977-2002**
Source: DIMIA Immigration Update and Australian Immigration Consolidated Statistics, various issues



immigrants interviewed in LSIA 2 (3,124 persons arriving between 1999 and 2000) compared with the LSIA 1 respondents. The following summary of the results is derived from Rizvi (2002, pp. 75-76):

‘• Following an additional 12 months in Australia, overall unemployment for Primary Applicants almost halved and employment to population ratios increased by more than ten percentage points.

- Primary Applicants selected on the basis of labour market potential, i.e. those from the Independent, Business Skills and Concessional Family/Skilled-Australia Linked stream continued to have the best labour market outcomes.
- Although they continued to have the worst labour market outcomes, Humanitarian migrants made significant labour market gains. Among Primary Applicants from this group, almost a third were in the labour market 18 months after arrival compared with only 16 percent a year earlier and the unemployment rate fell from 75 percent to 43 percent (Table 39).

Table 39: Labour Market Outcomes, 6 and 18 Months After Arrival from LSIA 2
Source: Rizvi 2002, p. 76

	Unemployment Rate (%)		Participation Rate (%)		Employment to Population Ratio (%)	
	6 Months	18 Months	6 Months	18 Months	6 Months	18 Months
Preferential Family/Family Steam	22	13	54	62	42	54
Concessional Family/Skilled-Australian Linked	21	6	88	87	69	82
Business Skills	4	0	63	85	61	85
Independent	10	7	89	92	80	86
Humanitarian	75	43	16	33	4	18
Female	15	10	48	57	41	51
Male	19	10	78	84	63	75
Born in Mainly English Speaking Country	9	1	91	90	82	89
Born in Mainly Non-English Speaking Country	21	14	56	65	44	56
Total	18%	10%	64%	71%	52%	64%

- After 18 months in Australia there was virtually no unemployment for Primary Applicants who entered Australia with Business Skill visas. Also, because these migrants had a further 12 months to set up their businesses, their participation rates improved from 63 percent to 85 percent.
- Employment outcomes for Primary Applicants from the Independent and Concessional Family/Skilled-Australian Linked stream were similar after 18 months in Australia. Unemployment rates were around six to seven percent and Employment to Population rates were around 82-86 percent.
- The unemployment rates for males and female Primary Applicants were about the same after 18 months in Australia. However, Employment to Population ratios were still about 25 percentage points less for females than for males.
- With an unemployment rate of only one percent and an Employment to Population ratio of almost 90 percent, Primary Applicants born in Mainly English Speaking Countries continued to enjoy significantly better outcomes than those from Mainly Non-English Speaking countries.

However, it should be noted that almost two-thirds of those from 'Mainly Non-English Speaking countries' are from migration categories that *do not* have labour market potential as a basis for selection – i.e. the Humanitarian and the Preferential Family/Family stream. In comparison only 43 percent of Primary Applicants from Mainly English Speaking countries are from these two streams.'

The LSIA also provides data on the income of recently arrived immigrants. Table 40 shows that the median income of migratory units varied greatly between the different visa categories. Family migrants earned A$328 per week while humanitarian migrants earned A$401 while at the other extreme Business Skills migrants earned A$1,103 and Independent migrants A$766. However, in the 12 months between interviews, the biggest increase in income was in the Concessional Family category, although all groups experienced an improvement. Respondents were also asked if their income was adequate to meet their basic needs. The table indicates that it was for most of each visa category group except the refugee/humanitarian migrants among whom nearly half found it inadequate. All groups experienced an increase in the proportion whose income was adequate in the year between interviews.

Table 40: **LSIA 2 Income and Adequacy of Income after 6 & 18 months**
Source: Rizvi 2003, 99

Birthplace	Median Migrating Unit Income		Proportion with adequate income	
	6 mths	18 mths	6 mths	18 mths
Preferential Family/Family Stream	$328	$458	81%	84%
Concessional Family/SAL	$655	$866	83%	93%
Business Skills	$1,103	$1,223	97%	95%
Independent	$766	$910	89%	91%
Humanitarian	$401	$429	54%	62%
Total	$532	$652	82%	85%

The occupation profile of permanent settler arrivals in Australia is substantially higher than that of the nation as a whole. Table 41 shows that managers, administrators and professionals make up well over half of all workers among permanent settler arrivals (63.6 percent) and this compares to 28.0 percent among the total population. On the other hand intermediate and low skill workers were 15.8 percent of permanent settlers but 43.6 percent 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 41 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

Table 41: Australia: Arrivals and Departures July-December 2002 by Occupation
Source: DIMIA 2003d

Occupation	Settler Arrivals		Permanent Departures		Difference
	Number	Percent	Number	Percent	
Managers & Administrators	2,486	10.9	2,556	17.3	-70
Professionals	9,833	43.1	5,934	40.3	+3,899
Associate Professionals	2,198	9.6	1,566	10.6	+627
Tradespersons	2,493	10.9	986	6.7	+1,507
Advanced Clerical & Service	554	2.4	496	3.4	+58
Intermediate Clerical & Service	2,003	8.8	1,860	12.6	+143
Intermediate Production & Transport	388	1.7	309	2.1	+79
Elementary Clerical, Sales, Service	872	3.8	607	4.1	+265
Labourers & Related Workers	344	1.5	257	1.7	+87
Total workforce	21,111		14,571		+6,540
Total in Employment	22,793	51.1	14,736	62.2	+8,057
Not in Employment	1,682	7.3	165	1.2	+1,507
Not in Labour Force	19,412	43.5	8,092	34.2	+11,320
Not Stated	2,424	5.4	866	2.4	+1,558
Total	44,629	100.0	23,694	100.0	+20,935

category which accounts for 17.3 percent of the emigrants but only 10.9 percent of the immigrants. It will also be noted that 62.2 percent of the emigrants were in employment before moving compared with 51.1 percent of settler arrivals. There is evidence that the occupational differences between immigrants and emigrants has been narrowing in the last 5 years due to the greater skill orientation in immigrant selection.

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 42 presents information derived from passenger arrival and departure cards.

Table 42: Australia: Occupational Composition of Long Term Arrivals and Departures 2002-03

Source: DIMIA unpublished data

Year: 2002-2003	Arrivals				Departures			
Occupation	Long-term resident Number	Long-term resident Percent	Long-term visitor Number	Long-term visitor Percent	Long-term resident Number	Long-term resident Percent	Long-term visitor Number	Long-term visitor Percent
Managers & Administrators	7593	12.3	11051	17.9	8245	13.5	3827	11.8
Professionals	29878	48.3	26423	42.7	30550	49.9	12475	38.3
Associate Professionals	6084	9.8	6540	10.6	5133	8.4	4270	13.1
Tradespersons	4837	7.8	3442	5.6	3848	6.3	3151	9.7
Advanced Clerical & Service	2341	3.8	1471	2.4	1848	3.0	739	2.3
Intermediate Clerical & Service	8102	13.1	7760	12.5	8762	14.3	4140	12.7
Intermediate Production & Transport	861	1.4	697	1.1	729	1.2	1118	3.4
Elementary Clerical, Sales, Service	1580	2.6	3982	6.4	1323	2.2	1622	5.0
Labourer & Related Workers	594	1.0	520	0.8	736	1.2	1213	3.7
Total workforce	61870	100.0	61886	100.0	61174	100.0	32555	100.0
Unemployed	550		1656		387		820	

Note: "Associate Professionals" includes "Self-employed"

3.8 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 11 years is presented in Table 43 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 44. This indicates that over the 1993-2003 period there was a net gain of 672,470 overseas-born persons by permanent migration and a net loss of 161,685 Australia-born persons by permanent movement. Similarly among long-term residents and long-term visitors there were substantial net gains of overseas-born persons (80,321 residents, 555,872 visitors) but net losses of Australia-born (-62,709 residents, -22,287 visitors).

Table 43: Australia: Numbers of People Moving To and From Australia by Category of Movement, Resident Status and Birthplace, 1993-2003

Source: DIMIA Movement Data Base and DIMIA 2003

Year	Birthplace	Category of Movement										
		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	Total
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	16,854	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
2000-01	Australia-born	570	45,733	852			23,081	60,664	5,691			
	Overseas-born	106,796	37,160	157,459	3,543,000	5,031,300	23,440	32,281	67,740	3,577,300	5,055,900	17,769,000
2001-02	Australia-born	443	47,443	909			24,146	60,159	5,890			
	Overseas-born	88,457	41,115	174,964	3,344,900	4,768,300	24,095	31,912	73,485	3,367,900	4,837,800	16,892,100
2002-03	Australia-born	406	51,676	813	1,850,053	142,835	25,578	56,664	5,097	1,841,302	127,681	4,102,105
	Overseas-born	93,508	44,108	183,282	1,459,798	4,512,967	24,885	29,547	77,797	1,452,034	4,586,955	12,464,881

Table 44: Australia: Net Migration According to Category of Movement, Resident Status and Birthplace, 1993-2003

Source: DIMA Movement Data Base and DIMIA unpublished data

Year		Net Migration				
		Permanent	LT Resident	LT Visitor	ST Resident	ST Visitor
1993-94	Australia-born	-9,591	700	-217	-20,277	9,350
	Overseas-born	52,079	10,114	14,296	-38,127	40,678
1994-95	Australia-born	-9,605	1,351	-326	1,983	6,705
	Overseas-born	70,085	9,335	22,202	-37,005	42,196
1995-96	Australia-born	-10,462	326	-295	-17,804	5,077
	Overseas-born	80,931	8,627	30,534	-37,213	50,955
1996-97	Australia-born	-11,328	-1,219	-175	-3,177	3,177
	Overseas-born	67,223	7,612	32,283	-47,984	32,462
1997-98	Australia-born	-12,438	-2,956	-351	15,403	1,991
	Overseas-born	57,780	7,892	29,235	-27,204	19,693
1998-99	Australia-born	-16,988	-17,533	-2,808	16,835	13,771
	Overseas-born	65,950	2,582	65,280	-13,900	-4,837
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
2000-01	Australia-born	-22,511	-14,931	-4,839	na	na
	Overseas-born	83,356	4,879	89,719	na	na
2001-02	Australia-born	-23,703	-12716	-4981	na	na
	Overseas-born	64,362	9,243	101,479	na	na
2002-03	Australia-born	-25,172	-4,988	-4,284	8,751	15,154
	Overseas-born	68,623	14,561	105,485	7,764	-73,988
Total	Australia-born	-161,685	-62,709	-22,287	4,837*	65,295*
	Overseas-born	672,470	80,321	555,872	-229,135*	113,672*

* Excludes 2000-01 and 2001-02 data

3.9 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 14 depicts the substantial shift

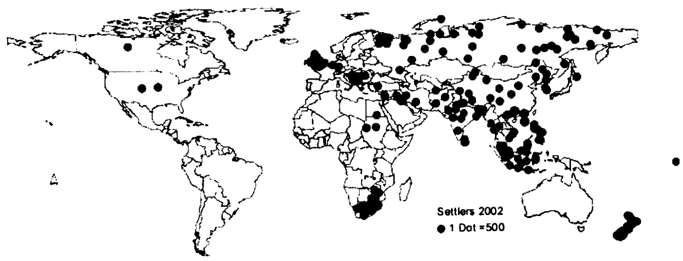
Figure 14: **Distribution of Birhtplace of Settlers to Australia, 1970-2003**
Source: DIMIA, Immigration Update, various issues

Settlers to Australia – 1970

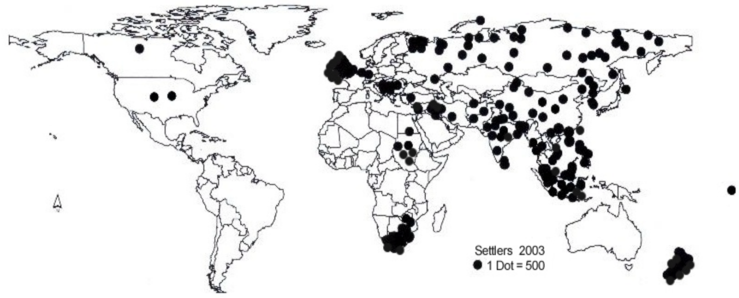
Settlers to Australia – 1980

Settlers to Australia – 1990

Settlers to Australia – 2002



Settlers to Australia -- 2003



which has occurred in the origins of permanent settlers to Australia over the 1970-2003 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 so the 2003 map shows a wider dispersal of origin areas.

Asia has assumed increasing significance in population movement to and from Australia in recent years although it is interesting to note in Table 45 that the proportion of all movement involving an Asian country fell from a high of 36.1 percent in 1995-96 to a low of 29.6 percent in 1998-99 and 1999-2000 due to the impact of the economic crisis. With the effects of the SARS virus and security factors, it only increased to 29.9 percent in 2002-03. There has been a small decrease in the proportion that Asians make up of settler arrivals from 40 percent in 1995-96 to 38.7 percent in 2001-02 and 37.5 percent in 2002-03. It is interesting however, that Asia is a much less important as a destination of permanent departures than it is an origin of permanent arrivals, in fact only half as important. This is a function of two factors …

- There is a very low rate of return migration of settlers in Australia to Asian origins, except in the case of Japan (Hugo 1994; Hugo, Rudd and Harris 2001).
- Australian born emigrants are more likely to move toward Europe and North America than Asia (Hugo, Rudd and Harris 2001).

It is interesting however, that there has been an increase in the proportion that Asian destinations make up for departures in recent years. Hence in 1994-95, Asian countries accounted for only 10.8 percent of permanent departures but by 2002-03 it was 16 percent. 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

Table 45: Australia: Movements To and From Asia by Category of Movement, 1994-2003

Source: DIMIA Movement Data Base; DIMIA 2002c; DIMIA 2003d and DIMIA unpublished data

			Category of Movement										
Origin/Destination			Arrivals					Departures					
			Settler arrivals	Long term residents	Long term visitors	Short term residents	Short term visitors	Permanent departures	Long term residents	Long term visitors	Short term residents	Short term visitors	Total
1994-95	Asian Countries	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	Asian Countries	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	Asian Countries	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	Asian Countries	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	Asian Countries	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	Asian Countries	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	3332258	4635203	16422127
2000-01	Asian Countries	No	39969	18020	95940	na	na	13621	24515	39162	na	na	na
		%	37.2	21.7	60.6	na	na	29.3	26.4	53.3	na	na	na
	Rest of World	No	67397	64873	62368	na	na	33260	68430	34269	na	na	na
		%	62.8	78.3	29.4	na	na	71.5	73.6	46.7	na	na	na
	Total	No	107366	82893	158308	3543000	5031300	46521	92945	73431	3,577,300	5055800	17768864
2001-02	Asian Countries	No	34370	24688	106639	na	2006500	14229	na	na	na	na	na
		%	38.7	27.9	60.6	na	42.1	29.5	na	na	na	na	na
	Rest of World	No	54530	63910	69234	na	2761800	34012	na	na	na	na	na
		%	61.3	72.1	39.4	na	57.9	70.5	na	na	na	na	na
	Total	No	88900	88598	175873	3344900	4768300	48241	92071	79375	3367900	4837800	16891958
2002-03	Asian Countries	No	35603	19727	113140	489101	1832176	8141	11397	43952	516069	1923050	4992356
		%	37.5	20.5	61.2	14.7	39.3	16.0	13.2	50.9	15.4	40.4	29.9
	Rest of World	No	59236	76722	71840	2841983	2830741	42808	75043	42330	2825569	2838093	11704255
		%	62.5	79.5	38.8	85.3	60.7	84.0	86.8	49.1	84.6	59.6	70.1
	Total	No	94929	96449	184980	3331084	4662917	50949	86440	86282	3391638	4761143	16696811
Total*	Asian Countries	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

* 1994-95 to 1999-2000

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 15, for example, depicts the distribution of origins of student arrivals in 2002. This indicates an overwhelming emphasis on the Asian, especially Southeast Asian, region. Figure 16 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 17 shows the distribution of origins of Temporary Resident Arrivals in 2002. 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 percent in the other years shown in Table 45, 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 percent 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 percent in 1995 to 39.3 percent in 2002-2003. 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 to 2,006,500 in 2001-02 but increased again to 1,832,176 in 2002-03.

Figure 15: **Australia: Student Arrivals, 2002**
Source: Drawn from data in DIMIA 2002c

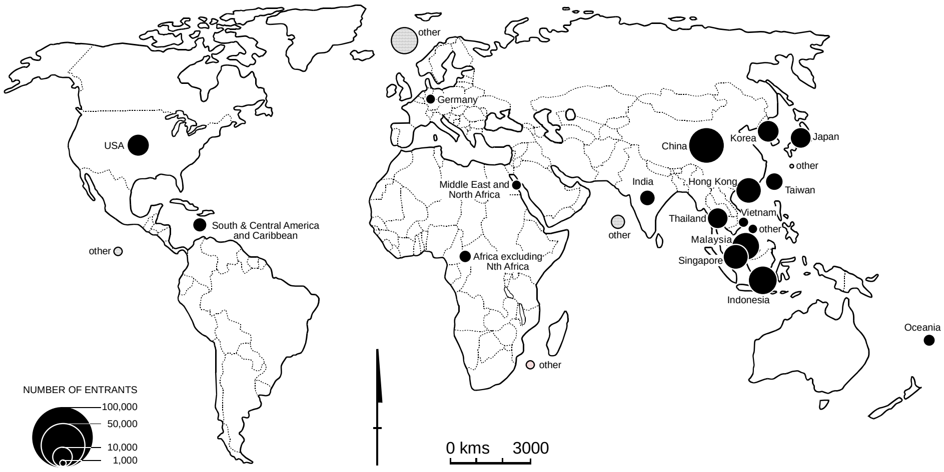
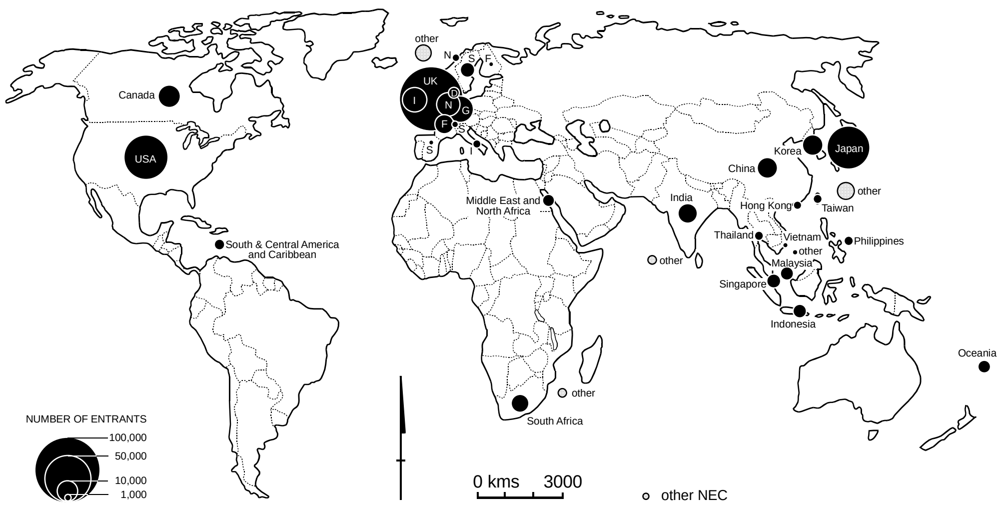


Figure 16: **Australia: Working Holiday Makers Arrivals, 2000**
Source: Drawn from data in DIMA 2001

Figure 17: **Australia: Temporary Resident Arrivals, 2002**
Source: Drawn from data in DIMIA 2002c



What is striking in Table 45 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 percent between 1995 and 1996 and by 5.8 percent between 1996 and 1997. Thereafter, however, there was a significant decline - by 7.4 percent between 1997 and 1998, 4.6 percent between 1998 and 1999 but an increase by 6.7 percent 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 50 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 percent population movement to Australia than Japan.
- The pattern of movement from *South Korea* to Australia shows some interesting trends. The numbers increased by 41 percent between 1995 and 1996 and 28 percent the following year to account for 10.4 percent 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 and 448,795 in 2002-03. 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. Unlike Japan, however, the numbers appear to be increasing rapidly.

- In 2002-03 the fourth 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, 455,909 in 1999-2000 and 445,591 in 2002-03. 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 2002-03 Malaysia was the fifth largest Asian source of permanent settlers in Australia (1,934 persons). 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 2002-03 the fifth 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 2002-03 it was only the eighth 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 (6 percent) indicating strong links with business and student movement.
- *China* had the second largest interaction with Australia during 2002-03 and this represents a steady increase from 255,985 movements in 1994-95 to 455,731 in 1999-2000 and to 636,329 in 2002-03. China is the largest single Asian origin of permanent settlers in Australia (6,664 in 2002-03). It is interesting, however that China also is recording a significant back flow of former settlers equivalent in 1999-2000 to almost one-third of the inflow. Appendix B also shows that China was the pre-eminent

destination of Australian resident short-term travellers in Asia in 2002-03. China also supplies over one-fifth 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 a 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 and fell to 284,374 in 2002-03. 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 4,361 in 1995-96 to 1918 in 1998-99, 1,467 in 1999-2000, 931 in 2001-02 and 1,029 in 2002-03. There also has been a significant return migration to Hong Kong as well as astronauting (Pe Pua *et al.* 1996).
- *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 but falling to 231,915 in 2002-03. In 2001-02 it was the eleventh largest Asian source of permanent settlers (1,109). Taiwan supplies about 5 percent of Asian short-term movers to Australia. Short-term visitors make up a 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. By 2002-03 the number of permanent settlers had increased to 3,026 – the fourth largest source of permanent settlers and overall interaction had increased to 257,761. The numbers of short-term visitors to Australia from Indonesia

fell from 151,873 in 1996-97 to 88,305 in 1998-99 to 75,668 in 1999-2000 but had increased to 81,059 in 2002-03. 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 2002-03 they were the third largest source of Asian settlers (3,190 persons). However, in terms of overall interaction, ten 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 tenth 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, 143,369 in 1999-2000 and 158,100 in 2002-03. 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 Thailand and Australia. 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* still represent the largest single Asian birthplace group in Australia but the level of international movement between Viet Nam 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 2002-03 they were the sixth largest group of permanent settlers (2,568 persons). They are one of the very few Asian groups for which there are almost as many 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 Viet Nam compared with 40,395 in 1998-99, 47,605 in 1999-2000 and 49,541 in 2002-03.

- 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, 203,011 in 1999-2000 and 5,783 in 2002-03. India has been an important source of settlers to Australia in the 1990s and in 2002-03 was the second largest origin of settlers (5,783 persons). Over the last five years the number of short-term visitors from India to Australia has increased and long-term movements have also increased reflecting greater business and student movement.
- *Sri Lanka* was the seventh largest source of settlers to Australia in 2001-02 (1,845 persons). It is, like Viet Nam, one of the few countries in Asia where almost as many Australians visit than people move as visitors in the other direction reflecting a strong pattern of Sri Lankan Australians visiting their homeland frequently.

3.10 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. The LSIA indicates that within 6 months of arrival in Australia, 10 percent of respondents were remitting money to their home country and this proportion had doubled a year later (Rizvi 2003, 100).

3.11 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 46 shows that through the

Table 46: Australia: Number of Overstayers, 1990-2003

Source: DIMIA, *Population Flows: Immigration Aspects*, various issues; DIMA 2000b and DIMIA 2002d, Rizvi 2003, 74

	Number	Number	From Asia	Percent
30 June 2003	59,800		na	
30 June 2002	60,000*		na	
20 June 2001	60,102	27,823		46.29
31 December 2000	58,674*		na	
30 June 2000	58,748*	27,808		47.34
December 1999	53,131*		na	
June 1999	53,143	23,741		44.67
June 1998	50,949	21,461		42.12
December 1996	45,100		na	
June 1995	51,307		na	
June 1993	79,755		na	
April 1992	81,400		na	
April 1990	90,000		na	

* 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.

1990s around 50,000 overstayers have been identified using this matching. In June 2003 there were 59,8000 overstayers of whom 29 percent had been in Australia for more than 9 years and 19 percent had been in the country for less than a year. Some 81.7 percent of overstayers were persons who had overstayed tourist visas, 5.0 percent temporary residents and 6.7 percent students. The overstay rate was 0.48 percent comprising 18,800 overstayers from 3,962,910 visitors in 2002-03 (DIMIA 2002d, Rizvi 2003,75) and 0.47 percent of visa arrivals in 2001-02 (Rizvi 2002, p. 51). It is estimated that approximately half of overstayers work illegally in Australia (Rizvi 2002, p. 50).

The origins of overstayers in 2001 are shown in Table 47 and 'overstay rates'

Table 47: Stock Estimate of Unlawful Non-Citizens in Australia as at 30 June 2001
Source: DIMA 2000a, p. 68

Country of Citizenship	Estimate of unlawful citizens	Number of visitors and temporary entrants to Australia Jan 1995 – June 2000[a]	Percentage 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[a]	Percentage of unlawful citizens to total temporary entrants and visitors
Tonga	1,083	20,750	5.22	Indonesia	3,555	647,292	0.55
Burma (Myanmar)	189	5,284	3.58	Stateless	426	80,668	0.53
Viet Nam	1,167	37,778	3.09	Thailand	1,647	362,596	0.45
Peru	122	4,344	2.81	Norway	270	60,681	0.44
Samoa	416	15,940	2.61	Ireland	819	193,425	0.42
Pakistan	467	20,063	2.33	Israel	215	55,843	0.38
Lebanon	439	19,129	2.30	Italy	935	255,914	0.37
Bangladesh	257	11,527	2.23	France	1,377	395,016	0.35
Iran	222	10,672	2.08	Argentina	115	33,710	0.34
Philippines	3,795	201,593	1.88	Netherlands	902	279,143	0.32
Nepal	133	7,334	1.81	Korea	2,894	925,392	0.31
Greece	710	39,586	1.79	Sweden	443	150,128	0.30
Colombia	169	9,443	1.79	Denmark	311	105,547	0.29
Turkey	258	17,942	1.44	Papua New Guinea	369	127,033	0.29
Fiji	1,595	114,427	1.39	Canada	1,094	413,808	0.26
Poland	352	25,356	1.39	Malaysia	2,008	777,416	0.26
Chile	203	14,889	1.36	Austria	255	101,518	0.25
Egypt	129	10,723	1.20	USA	5,142	2,056,030	0.25
Sri Lanka	600	52,575	1.14	Belgium	116	49,935	0.23
PRC	3,898	407,183	0.96	Germany	1,599	760,594	0.21
HKSAR[b]	587	69,690	0.84	South Africa	485	235,045	0.21
Portugal	244	29,873	0.82	Switzerland	416	206,986	0.20
India	1,478	209,038	0.71	United Kingdom	6,273	3,148,430	0.20
Brazil	302	44,936	0.67	Singapore	1,506	1,049,760	0.14
Hungary	117	18,402	0.64	Taiwan	902	852,897	0.11
Nauru	100	15,718	0.63	Japan	2,740	4,266,200	0.06
Russian Federation	185	31,975	0.58	Other	3,741	3,812,100	0.60
Spain	291	50,828	0.57	Total	60,102	23,696,168	0.25

(a) 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.

(b) Disaggregated data only available since 1996-97.

calculated as a percentage of total long-term and visitor entrants since 1995. This produced an overall overstay rate of 0.25 percent but there was quite a bit of variation between countries of origin. The largest numbers of overstayers were from the UK (13.1 percent), USA (8.7), Indonesia (5.9), the Philippines (6.3), China (6.5), Korea (4.8) and Japan (4.6). DIMIA has increased its efforts to locate overstayers. In 2001-02, 17,307 were located – a 21.5 percent increase over the previous year (Rizvi 2002, p. 52). In 2002-03, 21,542 were located – a 24.4 percent increase over the previous year (Rizvi 2003, 75). In 2002-03 the main nationalities involved in overstaying are presented in Table 48. It will be noted that while the top two overstaying nationalities are not Asian, nine of the top 15 overstaying groups are Asian.

Table 48: Overstayers by Top 15 Nationalities
Source: Rizvi 2003, 75

Country of Citizenship	Total	Percentage of Total
United Kingdom	6,200	10.4
USA	5,600	9.4
PRC	3,900	6.6
Philippines	3,200	5.3
Indonesia	3,100	5.2
Japan	2,900	4.7
Korea, Republic of	2,800	4.7
Malaysia	2,100	3.5
Germany	1,700	2.8
Thailand	1,600	2.7
India	1,600	2.7
Singapore	1,600	2.6
France	1,500	2.5
Fiji	1,400	2.3
Canada	1,200	1.9

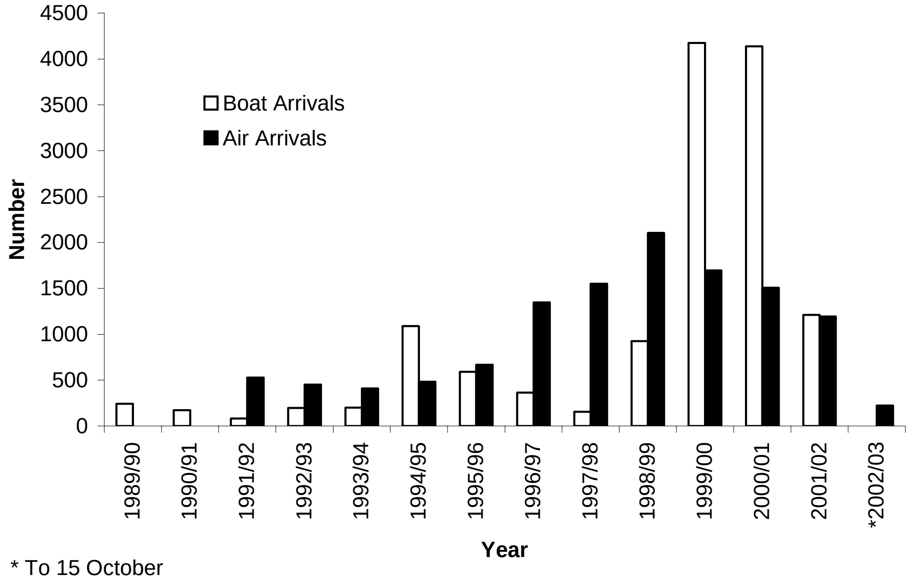
The government has a scheme to detect illegal workers. In 2001-02, 3,263 foreign citizens were detected working illegally and 987 employers were served notices regarding employing foreign citizens illegally. Table 49 shows that the seven largest national groups detected were Asian.

Table 49: Illegal Workers – Locations – Top 10 Nationalities 2001-03
Source: Rizvi 2002, p. 53; Rizvi 2003, 78

	Total	
Country	2001-02	2002-03
People's Republic of China	501	545
Indonesia	405	365
Thailand	295	252
Philippines	245	171
India	212	191
Malaysia	163	213
Republic of Korea	139	245
United Kingdom	136	105
Fiji	125	139
Bangladesh	70	63

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 18 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

Figure 18: **Australia: Unauthorised Arrivals, 1989-90 to 2002-03**
Source: DIMIA 2002e



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 1998-99. Thereafter they fell to 1,695 in 1999-2000, 1,508 in 2000-01 and 1,193 in 2001-02. 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 plane.
- An increase in the use of boats among unauthorised arrivals.

The countries from which the unauthorised air arrivals originated are shown in Table 50. 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.

Table 50: Main Source Countries for People Refused Immigration Visas at Australian Airports, 1995-2003

Source: DIMA 2000c; DIMIA 2001; DIMIA 2002e

Source Country	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2000-02	2002-03
PRC	92	235	268	112	73	65	95	33
Iraq **	34	90	140	325	157	37	na	na
Indonesia	110	124	132	97	54	92	48	5
Sri Lanka	15	205	118	58	47	29	na	na
Somalia	87	110	78	30	11	3	na	na
Thailand	25	94	77	93	74	100	83	24
Kuwait**	0	19	61	32	4	2	na	na
New Zealand	49	40	59	92	107	111	128	26
South Korea	6	12	52	159	108	136	99	28
Algeria	21	61	51	87	14	2	na	na
Malaysia	na	na	na	na	na	na	160	24
United Kingdom	na	na	na	na	na	na	57	15
United States	na	na	na	na	na	na	61	5
India	na	na	na	na	na	na	41	1
Japan	na	na	na	na	na	na	31	1
Other	224	360	519	1021	1045	931	390	62
Total	663	1,350	1,550	2,106	1,694	1,508	1,193	224

* To 15 October 2002

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

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, Thailand and Malaysia 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, in 1999-2000, 26 and in 2000-01, 29. However, the main focus of attention regarding unauthorised arrivals has been on the so-called ‘boat people’[3]. 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

[3] 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).

unprecedented levels as Table 51 indicates. The period 1999-2001 saw 8,315 boat people

Table 51: Numbers of Boats and Persons Aboard Arriving Clandestinely in Australia and Detected, 1989-2003

Source: DIMIA 2002e

Year	Number of Boats	Total Arrivals	Minimum/Maximum 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
2002-03*	0	0	0

* 1 July to 15 October 2002

detected compared with 1,083 in the previous two years. This became the most discussed migration issue in Australia in recent years (Hugo, 2002) and it was a major element in the lead up to the 2001 national election. It will be noted in Figure 19 that in 1999-2001 Afghanistan and Iraq dominated 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.

Figure 19: **Australia: Boat Arrivals by Nationality, 1989-2001**
Source: DIMIA 2001; Ruddock 2001

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, especially Indonesia, became an important staging post for undocumented immigrants. Boat people came predominantly through Indonesia, especially the province of East Nusa Tenggara. They came on overcrowded fishing vessels and there was 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 2000d).
The major nationalities represented among boat arrivals in Australia are shown in Table 52 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 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.

Table 52: Australia: Unauthorised Boat Arrivals, Main Origin, 1999-2001
Source: Ruddock 2001

1999-2000	
Nationality	Total
Iraqi	2,297
Afghan	1,263
Iranian	227
PRC	135
Sri Lankan	31
Turkish	26
Kurdish	22
Syrian	19
Bangladeshi	19
Other	136

2000-01		
Nationality	Total	Percent
Afghan	2,269	54.0
Iraqi	994	24.0
Iranian	544	13.0
Palestinian	159	3.8
Sri Lankan	59	1.4
PRC	25	0.6
Pakistani	13	0.3
Syrian	13	0.3
Kuwaiti	10	0.2
Other	55	1.3

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.

Table 53: **Australian Boat People by Ethnicity or Nationality, 1989-2000**
Source: DIMA 2000c

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 (including 99 births in Australia)	8,908

Australia's refugee policy underwent a major shift in August 2001. The M.V. Tampa rescued 433 mainly Afghan asylum seekers who were en route from Indonesia to northern Australia in an Indonesian fishing vessel which began sinking. They were travelling to Singapore but changed direction to take the asylum seekers to Australia but the Australian government informed the captain that the asylum seekers could not be landed in Australia. The government introduced a number of bills in parliament which, among other things, allowed the Australian navy to intercept boats before they land on Australian soil and permit asylum seekers to be then either taken out of Australia or brought into Australia's migration zone where their claims would be processed. Accordingly, the asylum seekers on the Tampa were taken to Nauru and Papua-New Guinea where the Australian government arranged to meet the costs of the stay of the asylum seekers there and the processing of their application for asylum. 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.

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 percent in the last two years claimed asylum compared with 46 percent.
- People smuggling has increased in significance with Indonesia now becoming the main staging point for people arriving from the Middle East and Afghanistan.

With the introduction of this policy there has been no boat arrivals in Australia over the last year.

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

> 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 Australian 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 54 indicates. The number of detention centres has increased and they are generally located in more remote parts of the

Table 54: Australia: Detention of Unauthorised Arrivals, 1995-2002
Source: DIMA unpublished statistics; DIMIA 2003f

Year	Number of Unlawful Non-Citizens Detained	% Change on Previous Year's Number of Overstayers Located	Costs for Detaining Unlawful Non-Citizens $	% Change on Cost in Previous Year
1995-96	1,410	na	10.4 million	na
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	na	na
2000-01	7,881	+8.2	na	na
2001-02	7,808	-0.9	na	Na

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 13,540 boat people who arrived in Australia since 1989 ade is shown in Table 55. It will be noted that some 68.9 percent have been granted entry to Australia although 59.7 percent had Temporary Resident Visas and only 8.9 percent had been given permanent resident status. More than a fifth (27.3 percent) had been repatriated.

Table 55: Australia: Boat People, 1989-2003, Current Status
Source: DIMA 2003e

	Number	Percent
Removed	3702	27.3
Still in Detention	470	3.5
Granted Temporary Protection Visa	8077	59.7
Granted PPV	1200	8.9
Granted BVE	45	0.3
Other	3	0.0
Escaped	43	0.3
Total Unauthorised Boat Arrivals	13540	100.0

* To 17 April 2003

Appendix A: Australia: Country of Birth, 1986, 1991, 1996 and 2001 for Largest 150 Groups in 2001

Source: ABS 1986, 1991, 1996 and 2001 Censuses

Birthplace	1986	1991	1996	2001	% Overseas-Born 2001	Rank 2001
Oceania & Antarctica						
New Zealand	211,670	276,073	291,388	355,765	8.67	2
New Caledonia	1,180	1,253	1,078	1,072	0.03	111
Papua New Guinea	21,351	23,716	24,357	23,616	0.58	35
Solomon Islands	932	1,094	1,136	1,326	0.03	104
Vanuatu	865	869	869	898	0.02	115
Kiribati		438	403	407	0.01	135
Nauru	538	551	446	465	0.01	127
Cook Islands	1,456	2,309	2,997	4,742	0.12	77
Fiji	14,757	30,558	37,135	44,261	1.08	24
French Polynesia		268	266	349	0.01	141
Niue		248	357	494	0.01	123
Samoa	2,983	5,742	9,867	13,254	0.32	50
Tokelau		51	176	262	0.01	148
Tonga	4,476	6,168	7,068	7,693	0.19	66
North-West Europe						
Channel Islands		2,074	1,970	1,929	0.05	96
England	880,848	909,043	872,065	847,365	20.64	1
Isle of Man		747	676	670	0.02	119
Northern Ireland	25,852	25,034	23,015	21,746	0.53	41
Scotland	149,135	156,638	146,257	137,252	3.34	6
Wales	27,213	27,956	27,493	26,051	0.63	31
Ireland	44,100	52,373	51,462	50,235	1.22	21
Western Europe						
Austria	22,622	22,118	20,570	19,313	0.47	43
Belgium	4,550	4,759	4,711	1,900	0.05	75
France	14,873	15,890	16,064	17,268	0.42	45
Germany	114,806	114,915	110,332	108,220	2.64	8
Netherlands	95,099	95,818	87,898	83,324	2.03	11
Switzerland	8,702	9,888	9,963	10,753	0.26	58
Denmark	8,622	9,368	8,976	9,029	0.22	64
Finland	9,085	9,110	8,624	8,258	0.20	65
Iceland		358	371	463	0.01	128
Norway	2,846	2,713	2,612	4,324	0.11	80
Sweden	5,152	6,009	6,072	6,818	0.17	69
Southern & Eastern Europe						
Southern Europe						
Gibraltar		412	408	416	0.01	132
Italy	261,877	254,780	238,216	218,718	5.33	3
Malta	56,232	53,838	50,871	46,998	1.14	23
Portugal	14,914	18,001	17,135	15,441	0.38	47

Spain	16,266	14,708	13,592	12,662	0.31	52
South Eastern Europe						
Albania	1,130	988	1,123	1,451	0.04	102
Bosnia and Herzegovina			13,614	23,848	0.58	34
Bulgaria	1,742	1,764	2,252	2,571	0.06	89
Croatia			47,015	51,909	1.26	20
Cyprus	23,645	22,212	20,667	19,482	0.47	42
Fmr Yslav Rep of Macedonia			42,181	43,527	1.06	25
Greece	137,640	136,327	126,524	116,431	2.84	7
Moldova		19	317	477	0.01	126
Romania	8,114	11,328	12,282	12,821	0.31	51
Slovenia			6,671	6,685	0.16	72
Yugoslavia, Federal Rep of			56,978	55,365	1.35	17
Eastern Europe						
Armenia		396	770	900	0.02	114
Belarus			899	1,039	0.03	112
Czech Republic			5,968	6,973	0.17	67
Estonia	3,894	3,381	2,839	2,389	0.06	92
Georgia		16	158	309	0.01	143
Hungary	27,203	27,176	25,301	22,752	0.55	39
Kazakhstan		3	167	437	0.01	130
Latvia	10,776	9,322	8,040	6,688	0.16	71
Lithuania	5,346	4,588	4,222	3,687	0.09	82
Poland	67,674	68,931	65,119	58,110	1.42	16
Russian Federation		8,365	14,114	15,021	0.37	48
Slovakia			2,192	2,984	0.07	86
Ukraine	10,466	9,051	13,460	14,062	0.34	49
Uzbekistan		3	257	416	0.01	133
North Africa & Middle East						
North Africa						
Algeria		677	770	980	0.02	113
Egypt	30,633	33,214	34,139	33,432	0.81	28
Libya		1,266	1,280	1,442	0.04	103
Morocco		991	1,099	1,170	0.03	107
Sudan		1,259	2,397	4,900	0.12	76
Tunisia		419	443	423	0.01	131
Middle East						
Bahrain		494	590	667	0.02	120
Gaza Strip and West Bank		36	2,540	2,684	0.07	87
Iran	7,497	12,914	16,244	18,789	0.46	44
Iraq	4,516	5,194	14,027	24,832	0.60	33
Israel	7,003	6,517	6,234	6,574	0.16	73
Jordan		2,176	2,831	3,332	0.08	84
Kuwait		924	1,599	2,436	0.06	91
Lebanon	56,337	69,014	70,237	71,349	1.74	14
Oman		49	141	366	0.01	137
Qatar		95	163	261	0.01	149
Saudi Arabia		615	1,136	1,631	0.04	99
Syria	3,863	5,348	5,936	6,710	0.16	70

Turkey	24,526	27,880	28,860	29,821	0.73	29
United Arab Emirates		583	904	1,459	0.04	101
Yemen		226	275	376	0.01	136
South-East Asia						
Mainland South-East Asia						
Burma (Myanmar)	7,610	8,266	10,123	10,973	0.27	56
Cambodia	13,237	17,643	21,542	22,979	0.56	38
Laos	7,427	9,646	9,900	9,565	0.23	60
Thailand	6,992	14,023	18,936	23,600	0.57	36
Viet Nam	83,048	122,325	151,085	154,831	3.77	4
Maritime South-East Asia						
Brunei		1,643	1,842	2,069	0.05	93
Indonesia	17,721	33,254	44,157	47,158	1.15	22
Malaysia	47,802	72,566	76,221	78,858	1.92	13
Philippines	33,727	73,673	92,933	103,942	2.53	9
Singapore	16,434	24,557	29,503	33,485	0.82	27
East Timor	6,552	*	*	9,389	0.23	62
North-East Asia						
China	37,469	78,835	110,987	142,780	3.48	5
Hong Kong	28,293	58,955	68,437	67,122	1.63	15
Macau	**	1,725	1,937	1,948	0.05	95
Taiwan	2,055	13,025	19,574	22,418	0.55	40
Japan	11,191	25,979	23,047	25,471	0.62	32
Korea, Republic of	9,285	20,901	30,067	38,900	0.95	26
Southern Asia						
Afghanistan		2,726	5,826	11,296	0.28	55
Bangladesh	1,212	2,339	5,063	9,078	0.22	63
India	47,816	61,602	77,522	95,452	2.33	10
Nepal		417	1,483	2,626	0.06	88
Pakistan	3,605	5,974	8,354	11,917	0.29	53
Sri Lanka	22,516	37,318	47,000	53,461	1.30	19
Americas						
Northen America						
Bermuda		362	364	365	0.01	138
Canada	20,435	24,109	25,130	27,289	0.66	30
USA	42,381	50,561	49,526	53,694	1.31	18
South America						
Argentina	9,196	10,660	10,769	10,763	0.26	57
Bolivia		507	595	657	0.02	121
Brazil	2,005	2,977	3,356	4,713	0.11	78
Chile	18,738	24,186	23,805	23,420	0.57	37
Colombia	1,687	2,116	2,682	4,329	0.11	79
Ecuador	1,007	1,084	1,245	1,325	0.03	105
Guyana		426	514	490	0.01	124
Paraguay		280	285	312	0.01	142
Peru	2,323	3,795	4,889	5,510	0.13	74
Uruguay	9,586	9,679	9,692	9,475	0.23	61
Venezuela		605	811	1,109	0.03	110
Central America						

Costa Rica		237	311	298	0.01	145
El Salvador	2,106	8,739	9,863	9,696	0.24	59
Guatemala		218	255	283	0.01	146
Mexico	677	815	868	1,154	0.03	109
Nicaragua		720	745	701	0.02	118
Caribbean						
Barbados		306	331	308	0.01	144
Cuba		371	406	410	0.01	134
Jamacia		672	724	747	0.02	116
Trinidad and Tobago		936	1,083	1,159	0.03	108
Sub-Saharan Africa						
Congo, Democratic Rep of		9	20	267	0.01	147
Ghana		998	1,494	2,040	0.05	94
Nigeria		966	1,260	1,738	0.04	97
Sierra Leone		118	171	363	0.01	139
Southern & Eastern Africa						
Angola		328	345	353	0.01	140
Botswana		159	222	708	0.02	117
Eritrea			1,167	1,599	0.04	100
Ethiopia		1,341	2,353	3,544	0.09	83
Kenya	4,170	4,724	5,289	6,869	0.17	68
Malawi		364	390	486	0.01	125
Mauritius	13,086	16,882	17,073	16,962	0.41	46
Mozambique		391	422	552	0.01	122
Nambia		264	270	437	0.01	129
Seychelles		2,610	2,557	2,448	0.06	90
Somalia		257	2,045	3,713	0.09	81
South Africa	37,058	49,383	55,717	79,425	1.93	12
Swaziland		123	144	205	0.00	150
Tanzania		1,432	1,525	1,714	0.04	98
Uganda		930	1,164	1,217	0.03	106
Zambia		2,333	2,561	3,070	0.07	85
Zimbabwe	6,479	8,352	8,947	11,734	0.29	54
Australia	12,100,456	12,725,162	13,227,775	13,629,481		
Inadequately described		2,863	6,190	17,545		
At sea		205	180	137		
Not stated	244,318	368,776	616,840	1,034,120		
Total	15,602,156	16,850,334	17,752,882	18,769,249		

* Included with Indonesia
** Included with Hong Kong

Appendix B: Movements Between Asian Countries and Australia, 1994-2003

Source: DIMA Overseas Arrivals and Departures (OAD) Data and DIMIA unpublished data

Years 1994-95 — **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.**	38	46	207	715	3448	5	58	107	1054	3426	9104
	%	0.1	0.4	0.5	0.2	0.2	0.5	0.6	0.4	0.3	0.2	0.2
Cambodia	**No.**	1356	43	70	2545	1781	12	31	18	3685	1621	11162
	%	4.2	0.3	0.2	0.8	0.1	0.6	0.3	0.1	1.1	0.1	0.3
Indonesia	**No.**	1013	517	5656	14552	113923	122	323	3156	15531	110889	265683
	%	3.1	4.0	13.6	4.8	6.7	8.7	3.3	11.2	4.6	6.5	6.4
Laos	**No.**	87	31	98	1957	630	18	24	65	2028	664	5602
	%	0.3	0.2	0.2	0.6	0.0	1.3	0.2	0.2	0.6	0	0.1
Malaysia	**No.**	1107	1683	5713	43096	114203	192	1417	2933	44556	116163	331064
	%	3.4	13.0	13.7	14.1	6.7	14.3	14.6	10.4	13.3	6.9	7.9
Myanmar	**No.**	598	58	83	2364	1410	7	52	52	2460	1424	8508
	%	1.8	0.4	0.2	0.8	0.1	0.5	0.5	0.2	0.7	0.1	0.2
Philippines	**No.**	4116	579	695	27741	26689	172	455	941	27777	26076	115241
	%	12.7	4.5	1.7	9.1	1.6	10.3	4.7	3.3	8.3	1.5	2.8
Singapore	**No.**	650	667	4543	13962	151736	79	565	1210	14871	153055	341337
	%	2.0	5.2	10.9	4.6	8.9	5.8	5.8	4.3	4.4	9	8.2
Thailand	**No.**	799	239	1771	5567	72360	74	184	1411	5912	71968	160286
	%	2.5	1.8	4.2	1.8	4.2	5.4	1.9	5	1.8	4.2	3.8
Viet Nam	**No.**	5097	461	616	31427	8144	268	305	473	34870	7130	88792
	%	15.7	3.6	1.5	10.3	0.5	18.2	3.1	1.7	10.4	0.4	2.1
China	**No.**	3708	1369	2798	41932	81888	703	1176	3754	47614	71043	255985
	%	11.5	10.6	6.7	13.7	4.8	45.7	12.1	13.3	14.2	4.2	6.1
Hong Kong	**No.**	4135	4539	4042	45281	73409	671	3131	2876	51597	75024	264705
	%	12.8	35.1	9.7	14.8	4.3	49.9	32.3	10.2	15.4	4.4	6.3
Japan	**No.**	527	226	7350	5876	744990	73	219	5761	8530	740317	1513868

	%	1.6	1.7	17.6	1.9	43.5	4.8	2.3	20.5	2.5	43.7	36.3
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
Maccau	**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	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
SE Asia nfd	**No.**					14						14
	%					0.0						0.0
Brunei	**No.**	29	59	269	712	3559	15	50	126	1304	3148	9271
	%	0.1	0.5	0.5	0.2	0.2	0.6	0.5	0.4	0.3	0.2	0.2
Cambodia	**No.**	1357	30	76	2553	1610	28	19	45	2317	1756	9791
	%	3.4	0.2	0.2	0.7	0.1	1.7	0.2	0.1	0.6	0.1	0.2
Indonesia	**No.**	1793	536	6840	16719	136171	122	366	3747	17304	135340	318938
	%	4.5	4.1	13.7	4.6	6.8	8.2	3.7	12.4	4.5	6.8	6.5
Laos	**No.**	63	37	114	2321	832	23	36	83	2383	939	6831
	%	0.2	0.3	0.2	0.6	0.0	1.4	0.4	0.3	0.6	0	0.1
Malaysia	**No.**	1081	1705	6996	46457	133919	195	1482	3097	47200	135120	377252
	%	2.7	13.1	14	12.8	6.7	12.7	15.1	10.2	12.4	6.8	7.7
Myanmar	**No.**	448	59	89	3028	1857	10	48	57	2238	1748	9582
	%	1.1	0.5	0.2	0.8	0.1	0.9	0.5	0.2	0.6	0.1	0.2
Philippines	**No.**	3232	648	722	28972	34944	180	483	1018	29405	32773	132377
	%	8.2	5.0	1.4	8.0	1.7	11.1	4.9	3.4	7.7	1.7	2.7
Singapore	**No.**	841	626	5320	16145	166568	85	599	1440	18430	167654	377708
	%	2.1	4.8	10.6	4.5	8.3	5.8	6.1	4.7	4.8	8.4	7.8
Thailand	**No.**	736	248	2121	6357	78284	104	210	1603	6184	77411	173258
	%	1.9	1.9	4.2	1.8	3.9	7.2	2.1	5.3	1.6	3.9	3.6
Viet Nam	**No.**	3567	473	875	37556	9495	265	317	699	33166	8859	95272
	%	9.0	3.6	1.8	10.4	0.5	16.1	3.2	2.3	8.7	0.4	2.0
China	**No.**	11247	1660	3325	50114	102018	760	1221	3189	53868	87972	315373
	%	28.5	12.7	6.7	13.8	5.1	46.0	12.4	10.5	14.1	4.4	6.5
Hong Kong	**No.**	4361	4202	4680	65549	110847	783	3007	2745	75881	115206	387261
	%	11	32.2	9.4	18.1	5.5	49.0	30.6	9.1	19.9	5.8	7.9
Japan	**No.**	593	268	7398	9784	816509	91	234	5929	9094	818725	1668625
	%	1.5	2.1	14.8	2.7	40.9	5.5	2.4	19.5	2.4	41.2	34.2

Korea-Dem people	**No.**						0		2		72	74
	%						0.0		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
Maccau	**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	54	320	1146	3908	7	48	105	1034	3871	10538
	%	0.1	0.4	0.6	0.3	0.2	0.7	0.4	0.3	0.3	0.2	0.2
Cambodia	**No.**	800	37	117	2237	1784	29	39	104	2899	1651	9697
	%	2.5	0.3	0.2	0.6	0.1	1.7	0.4	0.3	0.7	0.1	0.2
Indonesia	**No.**	1750	586	8202	18247	151873	151	402	4418	19397	152876	357902
	%	5.5	4.5	14.4	4.7	7.2	9.2	3.8	12.3	4.7	7.3	6.9
Laos	**No.**	43	42	117	2194	989	13	41	91	1888	1142	6561
	%	0.1	0.3	0.2	0.6	0.0	0.6	0.4	0.3	0.5	0.1	0.1
Malaysia	**No.**	1056	1700	7764	49816	148293	190	1636	3519	50555	151059	415588
	%	3.3	13.1	13.6	12.9	7.1	10.8	15.3	9.8	12.3	7.2	8.1
Myanmar	**No.**	394	53	110	2336	1681	11	57	64	2751	1455	8912
	%	1.2	0.4	0.2	0.6	0.1	0.5	0.5	0.2	0.7	0.1	0.2
Philippines	**No.**	2808	581	743	30719	41462	207	518	1344	29846	36176	144404
	%	8.8	4.5	1.3	8.0	2.0	10.1	4.8	3.7	7.3	1.7	2.8
Singapore	**No.**	925	642	5526	16812	170985	95	728	1636	17268	175155	389772
	%	2.9	4.9	9.7	4.4	8.1	6.3	6.8	4.6	4.2	8.3	7.6
Thailand	**No.**	571	258	2459	7716	82007	79	181	1924	7263	81543	184002
	%	1.8	2.0	4.3	2.0	3.9	4.6	1.7	5.4	1.8	3.9	3.6
Viet Nam	**No.**	2966	444	1066	39987	10578	308	358	938	40291	10650	107585
	%	9.2	3.4	1.9	10.3	0.5	16.4	3.3	2.6	9.8	0.5	2.1
China	**No.**	7761	1886	3853	51115	112608	798	1281	3913	55336	101938	340489
	%	24.2	14.5	6.7	13.2	5.4	43.6	11.9	10.9	13.5	4.8	6.6
Hong Kong	**No.**	3894	3944	5261	65523	110773	955	3232	3032	83783	126008	406405
	%	12.1	30.4	9.2	17.0	5.3	54.6	30.1	8.5	20.5	6.0	7.9
Japan	**No.**	485	278	8295	9073	805260	96	232	5912	9395	806167	1645194
	%	1.5	2.1	14.5	2.3	38.3	5.2	2.2	16.5	2.3	38.3	31.9
Korea-Dem people	**No.**					57	0		2		74	133
	%					0.0	0.0		0.0		0.0	0.0

Korea-Republic of	**No.**	707	264	5480	10136	255501	101	244	4058	11549	250758	538799
	%	2.2	2.0	9.6	2.6	12.2	4.8	2.3	11.3	2.8	11.9	10.4
Maccau	**No.**	97	80	104	1459	2604	25	53	59	2081	2988	9550
	%	0.3	0.6	0.2	0.4	0.1	1.5	0.5	0.2	0.5	0.1	0.2
Mongolia	**No.**	1	1	37		432	0		36	1	412	920
	%	0.0	0.0	0.1		0.0	0.0		0.1	0.0	0.0	0.0
Taiwan	**No.**	2180	568	2505	24493	147025	261	314	1561	23707	150391	353004
	%	6.8	4.4	4.4	6.3	7.0	15.4	2.9	4.4	5.8	7.1	6.8
Afghanistan	**No.**	350	23	4	969	296	9	8	11	1128	388	3187
	%	1.1	0.2	0.0	0.3	0.0	0.7	0.1	0.0	0.3	0.0	0.1
Bangladesh	**No.**	481	137	180	2030	1432	7	97	155	1929	1473	7921
	%	1.5	1.1	0.3	0.5	0.1	0.3	0.9	0.4	0.5	0.1	0.2
Bhutan	**No.**			11		54	0		11		73	149
	%			0.0		0.0	0.0		0.0		0.0	0.0
India	**No.**	2681	743	3132	31166	37470	147	749	1701	27758	36479	142026
	%	8.4	5.7	5.5	8.1	1.8	7.4	7.0	4.7	6.8	1.7	2.8
Maldives	**No.**	2	1	126	71	248	0	1	32	2	319	802
	%	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Nepal	**No.**	50	10	346	98	920	7	5	210	160	739	2545
	%	0.2	0.1	0.6	0.0	0.0	0.4	0.0	0.6	0.0	0.0	0.0
Pakistan	**No.**	623	157	550	2930	4039	27	109	346	2855	3377	15014
	%	1.9	1.2	1.0	0.8	0.2	1.5	1.0	1.0	0.7	0.2	0.3
Sri Lanka	**No.**	1415	494	833	16093	10541	64	387	686	16641	9459	56613
	%	4.4	3.8	1.5	4.2	0.5	3.7	3.6	1.9	4.1	0.4	1.1
Total	**No.**	32084	12983	57141	386368	2102818	3587	10720	35868	409517	2106623	5157709
	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	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
Brunei	**No.**	27	52	295	1151	3784	14	76	150	943	4029	10521
	%	0.1	0.4	0.5	0.3	0.2	0.7	0.7	0.4	0.2	0.2	0.2
Cambodia	**No.**	505	68	133	3600	2696	41	64	98	4096	2913	14214
	%	2.0	0.5	0.2	0.9	0.1	1.9	0.6	0.2	1.0	0.2	0.3
Indonesia	**No.**	1917	809	8448	21880	106744	219	350	4626	21669	111684	278346
	%	7.6	5.6	14.2	5.5	5.6	12	3.2	10.8	5.3	5.8	5.8
Laos	**No.**	30	52	101	1985	982	25	40	134	2193	923	6465
	%	0.1	0.4	0.2	0.5	0.1	1.1	0.4	0.3	0.5	0.0	0.1
Malaysia	**No.**	931	1814	7003	50909	136191	190	1579	3659	49856	137024	389155
	%	3.7	12.6	11.7	12.8	7.2	9.6	14.2	8.6	12.3	7.2	8.1
Myanmar	**No.**	170	49	113	3161	1389	14	53	96	2999	1811	9855
	%	0.7	0.3	0.2	0.8	0.1	0.5	0.5	0.2	0.7	0.1	0.2
Philippines	**No.**	2769	693	929	31920	41810	197	536	2082	33267	37584	151787
	%	11	4.8	1.6	8.0	2.2	8.9	4.8	4.9	8.2	2.0	3.2
Singapore	**No.**	694	707	5553	17227	189547	84	736	1768	17760	195729	429806
	%	2.7	4.9	9.3	4.3	10	4.5	6.6	4.1	4.4	10.2	9.0
Thailand	**No.**	346	290	2236	6654	39946	94	193	2135	7076	40137	99108
	%	1.4	2	3.7	1.7	2.1	3.8	1.7	5.0	1.7	2.1	2.1
Viet Nam	**No.**	2311	560	1240	41238	13095	374	417	1165	38058	11200	109658
	%	9.2	3.9	2.1	10.3	0.7	16.8	3.8	2.7	9.4	0.6	2.3
China	**No.**	4338	2222	4754	61068	118157	1054	1338	4995	59933	108320	366179
	%	17.2	15.5	8.0	15.3	6.2	48.6	12.0	11.7	14.7	5.7	7.7
Hong Kong	**No.**	3194	3999	5400	58508	93954	1023	3175	3407	61715	96117	330492
	%	12.7	27.8	9.1	14.7	4.9	50.8	28.6	8.0	15.2	5.0	6.9
Japan	**No.**	508	268	8232	10428	800051	115	264	6919	9659	806149	1642592
	%	2	1.9	13.8	2.6	42.1	6.2	2.4	16.2	2.4	42.2	34.4
Korea-Dem people	**No.**					52	0					52
	%					0.0	0.0					0.0

Korea-Republic of	**No.**	596	346	5285	10988	136385	127	223	5186	10861	138945	308942
	%	2.4	2.4	8.9	2.8	7.2	5.7	2.0	12.1	2.7	7.3	6.5
Maccau	**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
Brunei	**No.**	39	49	280	768	3729	16	68	44	1092	3589	9673
	%	0.1	0.4	0.5	0.2	0.2	0.3	0.6	0.1	0.3	0.2	0.2
Cambodia	**No.**	322	64	146	5284	2866	62	60	144	6019	2921	17888
	%	1.2	0.5	0.2	1.2	0.2	2.1	0.6	0.5	1.4	0.2	0.4
Indonesia	**No.**	2491	552	8891	22433	88505	336	318	2875	23224	89769	239394
	%	9.2	4.2	14.3	5.3	5.0	13.7	3.0	9.8	5.4	5	5.3
Laos	**No.**	41	36	136	2658	1299	23	44	87	2854	1402	8581
	%	0.2	0.3	0.2	0.6	0.1	2.4	0.4	0.3	0.7	0.1	0.2
Malaysia	**No.**	1296	1298	5986	53684	137635	291	1457	2143	51017	143415	398223
	%	4.8	9.9	9.7	12.6	7.8	10.1	13.8	7.3	11.8	8.0	8.7
Myanmar	**No.**	142	51	144	3424	2101	10	56	78	2521	1580	10107
	%	0.5	0.4	0.2	0.8	0.1	0.2	0.5	0.3	0.6	0.1	0.2
Philippines	**No.**	3318	548	1186	33337	43302	183	464	2001	31960	39548	155847
	%	12.2	4.2	1.9	7.8	2.4	4.3	4.4	6.8	7.4	2.2	3.4
Singapore	**No.**	650	602	6027	17691	170669	143	664	742	19851	178333	395372
	%	2.4	4.6	9.7	4.1	9.6	4.6	6.3	2.5	4.6	10	8.7
Thailand	**No.**	498	226	2357	8336	51700	109	198	1626	9999	50942	125992
	%	1.8	1.7	3.8	2.0	2.9	4.8	1.9	5.5	2.3	2.9	2.8
Viet Nam	**No.**	2137	353	1359	47429	14304	455	504	1153	50395	12682	130771
	%	7.9	2.7	2.2	11.1	0.8	15.9	4.8	3.9	11.7	0.7	2.9
China	**No.**	6133	2180	6853	68347	118583	1427	1358	5136	67595	112730	390342
	%	22.6	16.7	11.1	16	6.7	38.3	12.9	17.4	15.7	6.3	8.6
Hong Kong	**No.**	1918	4165	5600	54288	87030	1375	2807	1721	57827	94789	311521
	%	7.1	31.9	9.0	12.7	4.9	50.9	26.6	5.8	13.4	5.3	6.8
Japan	**No.**	578	212	7613	10918	735594	118	297	3283	9606	742269	1510488
	%	2.1	1.6	12.3	2.6	41.6	3.1	2.8	11.1	2.2	41.6	33.1
Korea-Dem people	**No.**		2	2	275	54	0	6		212	110	661
	%		0.0	0.0	0.1	0.0	0.0	0.1		0.0	0.0	0.0

Korea-Republic of	**No.**	627	239	4335	11059	89551	211	254	3150	11086	87829	208341
	%	2.3	1.8	7.0	2.6	5.1	10.6	2.4	10.7	2.6	4.9	4.6
Maccau	**No.**	56	84	109	1334	2943	26	31	31	1863	2796	9273
	%	0.2	0.6	0.2	0.3	0.2	0.5	0.3	0.1	0.4	0.2	0.2
Mongolia	**No.**	1		38		183	0		47	2	229	501
	%	0.0		0.1		0.0	0.0		0.2	0.0	0.0	0.0
Taiwan	**No.**	1556	955	2487	26646	148925	516	397	921	25497	151834	359733
	%	5.7	7.3	4.0	6.2	8.4	28.6	3.8	3.1	5.9	8.5	7.9
Afghanistan	**No.**	767	16	7	1222	906	8	13	25	1162	664	4789
	%	2.8	0.1	0.0	0.3	0.1	0.1	0.1	0.1	0.3	0.0	0.1
Bangladesh	**No.**	419	122	418	1992	2266	19	91	168	2214	2445	10155
	%	1.5	0.9	0.7	0.5	0.1	0.3	0.9	0.6	0.5	0.1	0.2
Bhutan	**No.**	5		22		61	0		7	1	87	183
	%	0.0		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	174696
	%	9.4	5.4	9.1	7.9	2.8	7.3	8.4	8.3	7.3	2.7	3.8
Maldives	**No.**	5	2	125	74	238	0	1	38	3	313	798
	%	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Nepal	**No.**	33	5	332	521	1018	2	20	284	238	614	3067
	%	0.1	0.0	0.5	0.1	0.1	0.0	0.2	1.0	0.1	0	0.1
Pakistan	**No.**	613	166	665	3361	4096	24	106	443	3013	3897	16384
	%	2.3	1.3	1.1	0.8	0.2	0.4	1.0	1.5	0.7	0.2	0.4
Sri Lanka	**No.**	917	438	1236	18508	12171	75	455	870	20530	11046	66246
	%	3.4	3.4	2.0	4.3	0.7	1.4	4.3	3.0	4.8	0.6	1.5
Total	**No.**	27119	13064	61964	427150	1769494	5622	10559	29470	431407	1783177	4559027
	%	100.0	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	46	286	1260	3724	12	48	60	1409	3563	10441
	%	0.1	0.3	0.4	0.3	0.2	0.2	0.5	0.2	0.3	0.2	0.2
Cambodia	**No.**	250	65	146	5350	3249	65	83	179	7526	3257	20170
	%	0.8	0.5	0.2	1.2	0.2	1.0	0.8	0.5	1.6	0.2	0.4
Indonesia	**No.**	2943	433	9477	26928	75668	447	398	5400	27412	83042	232148
	%	9.5	3.1	13.5	6.0	4.0	6.7	3.7	15.0	6	4.4	4.8
Laos	**No.**	17	54	164	2737	1774	30	46	106	3101	1473	9502
	%	0.1	0.4	0.2	0.06	0.1	0.4	0.4	0.3	0.7	0.1	0.2
Malaysia	**No.**	1771	1270	6912	54322	163536	315	1578	2185	55553	168467	455909
	%	5.7	9.1	9.9	12.1	8.7	4.7	14.8	6.1	12.2	8.9	9.4
Myanmar	**No.**	156	58	169	3327	1755	18	52	111	2370	1535	9551
	%	0.5	0.4	0.2	0.7	0.1	0.3	0.5	0.3	0.5	0.1	0.2
Philippines	**No.**	3186	664	1233	32951	44493	220	478	1875	33416	42454	160970
	%	10.3	4.8	1.8	7.3	2.4	3.3	4.5	5.2	7.3	2.2	3.3
Singapore	**No.**	884	647	6478	19724	196327	180	637	1067	19068	203044	448056
	%	2.8	4.6	9.2	4.4	10.4	2.7	6.0	3.0	4.2	10.7	9.2
Thailand	**No.**	527	28	2994	8143	60729	130	201	1887	8771	59959	143369
	%	1.7	1.6	4.3	1.8	3.2	1.9	1.9	5.2	1.9	3.1	2.9
Viet Nam	**No.**	1502	411	1770	44989	15112	458	545	1360	47605	14610	128362
	%	4.8	2.9	2.5	10.0	0.8	6.9	5.1	3.8	10.4	0.8	2.6
China	**No.**	6809	2443	9330	74031	140781	1802	1424	5442	73670	139999	455731
	%	21.9	17.5	13.3	16.5	7.5	27.0	13.4	15.1	16.1	7.4	9.4
Hong Kong	**No.**	1467	4529	6299	56810	99209	1585	2676	2045	57121	100864	332605
	%	4.7	32.4	9.0	12.7	5.3	23.8	25.1	5.7	12.5	5.3	6.8
Japan	**No.**	553	232	7921	12101	707219	131	291	3961	11512	712246	1456167
	%	1.8	1.7	11.3	2.7	37.5	2.0	2.7	11.0	2.5	37.4	29.9
Korea-Dem people	**No.**		5	16	987	130	8	14	13	538	211	1922
	%		0.0	0.0	0.2	0.0	0.1	0.1	0.0	0.1	0.0	0.0

Korea-Republic of	**No.**	768	215	4357	10817	142230	191	261	3414	12991	139975	315219
	%	2.5	1.5	6.2	2.4	7.5	2.9	2.4	9.5	2.8	7.4	6.5
Maccau	**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 2000-2001		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.**	61	60	337	na	na	12	51	47	na	na	na
	%	0.2	0.4	0.4	na	na	0.1	0.4	0.1	na	na	na
Cambodia	**No.**	464	72	208	na	na	56	119	188	na	na	na
	%	1.2	0.5	0.2	na	na	0.7	1.0	0.5	na	na	na
Indonesia	**No.**	3921	634	9675	na	na	568	454	4284	na	na	na
	%	9.8	4.2	11.1	na	na	6.9	3.7	11.7	na	na	na
Laos	**No.**	68	50	225	na	na	50	60	118	na	na	na
	%	0.2	0.3	0.3	na	na	0.6	0.5	0.3	na	na	na
Malaysia	**No.**	2222	1342	8088	na	na	463	1525	2052	na	na	na
	%	5.6	9.0	9.3	na	na	5.6	12.5	5.6	na	na	na
Myanmar	**No.**	223	57	197	na	na	23	56	117	na	na	na
	%	0.6	0.4	0.2	na	na	0.3	0.5	0.3	na	na	na
Philippines	**No.**	3123	680	1599	na	na	241	649	1878	na	na	na
	%	7.8	4.5	1.8	na	na	2.9	5.3	5.1	na	na	na
Singapore	**No.**	1361	690	6725	na	na	223	796	906	na	na	na
	%	3.4	4.6	7.7	na	na	2.7	6.5	2.5	na	na	na
Thailand	**No.**	697	274	4024	na	na	135	249	2028	na	na	na
	%	1.7	1.8	4.6	na	na	1.6	2.0	5.5	na	na	na
Viet Nam	**No.**	1639	449	2297	na	na	652	749	1620	na	na	na
	%	4.1	3.0	2.6	na	na	7.9	6.1	4.4	na	na	na
China	**No.**	8762	2559	14448	na	na	2430	1707	5764	na	na	na
	%	21.9	17.1	16.6	na	na	29.6	13.9	15.7	na	na	na
Hong Kong	**No.**	1541	4616	7366	na	na	1725	2779	1880	na	na	na
	%	3.9	30.8	8.4	na	na	21.0	22.7	5.1	na	na	na
Japan	**No.**	604	294	13476	na	na	212	366	3982	na	na	na
	%	1.5	2.0	15.4	na	na	2.6	3.0	10.9	na	na	na
Korea- People's	**No.**	0	11	129	na	na	22	26	129	na	na	na

Republic												
	%	0.0	0.1	0.1	na	na	0.3	0.2	0.4	na	na	na
Korea- Republic of	**No.**	1341	269	5746	na	na	233	329	3783	na	na	na
	%	3.4	1.8	6.6	na	na	2.8	2.7	10.3	na	na	na
Macau	**No.**	28	81	174	na	na	32	37	32	na	na	na
	%	0.1	0.5	0.2	na	na	0.4	0.3	0.1	na	na	na
Mongolia	**No.**	3	0	43	na	na	0	0	28	na	na	na
	%	0.0	0.0	0.0	na	na	0.0	0.0	0.1	na	na	na
Taiwan	**No.**	2599	1173	2379	na	na	704	449	954	na	na	na
	%	6.5	7.8	2.7	na	na	8.6	3.7	2.6	na	na	na
Afghanistan	**No.**	474	19	24	na	na	17	34	21	na	na	na
	%	1.2	0.1	0.0	na	na	0.2	0.3	0.1	na	na	na
Bangladesh	**No.**	950	113	1245	na	na	18	98	420	na	na	na
	%	2.4	0.8	1.4	na	na	0.2	0.8	1.1	na	na	na
Bhutan	**No.**	2	1	39	na	na	0	0	13	na	na	na
	%	0.0	0.0	0.0	na	na	0.0	0.0	0.0	na	na	na
India	**No.**	6336	863	6301	na	na	265	1054	4322	na	na	na
	%	15.9	5.8	7.2	na	na	3.2	8.6	11.8	na	na	na
Maldives	**No.**	1	2	88	na	na	0	2	36	na	na	na
	%	0.0	0.0	0.1	na	na	0.0	0.0	0.1	na	na	na
Nepal	**No.**	228	8	437	na	na	1	11	413	na	na	na
	%	0.6	0.1	0.5	na	na	0.0	0.1	1.1	na	na	na
Pakistan	**No.**	1256	163	774	na	na	38	127	546	na	na	na
	%	3.1	1.1	0.9	na	na	0.5	1.0	1.5	na	na	na
Sri Lanka	**No.**	2043	514	1200	na	na	86	514	1088	na	na	na
	%	5.1	3.4	1.4	na	na	1.0	4.2	3.0	na	na	na
Total	**No.**	39947	14994	87244	na	na	8206	12241	36649	na	na	na
	%	100.0	100.0	100.0	na	na	100.0	100.0	100.0	na	na	na

2001-2002		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.	40	52	380	na	na	18	54	58	na	na	na
	%	0.1	0.3	0.4	na	na	0.2	0.4	0.1	na	na	na
Cambodia	No.	480	77	270	na	na	80	117	157	na	na	na
	%	1.4	0.4	0.3	na	na	0.9	1.0	0.4	na	na	na
Indonesia	No.	4221	1325	9040	na	na	690	589	5031	na	na	na
	%	12.3	7.3	8.6	na	na	8.0	4.8	12.3	na	na	na
Laos	No.	39	43	209	na	na	33	59	184	na	na	na
	%	0.1	0.2	0.2	na	na	0.4	0.5	0.4	na	na	na
Malaysia	No.	1939	2122	9359	na	na	438	1494	1998	na	na	na
	%	5.6	11.7	8.9	na	na	5.1	12.1	4.9	na	na	na
Myanmar	No.	248	56	180	na	na	24	57	152	na	na	na
	%	0.7	0.3	0.2	na	na	0.3	0.5	0.4	na	na	na
Philippines	No.	2837	686	1516	na	na	236	641	2169	na	na	na
	%	8.3	3.8	1.4	na	na	2.7	5.2	5.3	na	na	na
Singapore	No.	1493	913	7176	na	na	252	908	1050	na	na	na
	%	4.3	5.0	6.8	na	na	2.9	7.4	2.6	na	na	na
Thailand	No.	1230	259	4367	na	na	183	278	2250	na	na	na
	%	3.6	1.4	4.1	na	na	2.1	2.3	5.5	na	na	na
Viet Nam	No.	1919	510	2330	na	na	667	810	1902	na	na	na
	%	5.6	2.8	2.2	na	na	7.8	6.6	4.7	na	na	na
China	No.	6708	2978	20948	na	na	2424	1731	6507	na	na	na
	%	19.5	16.4	19.9	na	na	28.2	14.1	15.9	na	na	na
Hong Kong	No.	931	4871	9236	na	na	1743	2588	2365	na	na	na
	%	2.7	26.8	8.8	na	na	20.3	21.0	5.8	na	na	na
Japan	No.	571	354	20945	na	na	256	398	3946	na	na	na
	%	1.7	1.9	19.9	na	na	3.0	3.2	9.6	na	na	na
Korea- People's	No.	1	19	15	na	na	31	51	10	na	na	na

Republic												
	%	0.0	0.1	0.0	na	na	0.4	0.4	0.0	na	na	na
Korea- Republic of	**No.**	758	373	6890	na	na	322	340	5256	na	na	na
	%	2.2	2.1	6.5	na	na	3.7	2.8	12.9	na	na	na
Macau	**No.**	29	76	210	na	na	23	34	44	na	na	na
	%	0.1	0.4	0.2	na	na	0.3	0.3	0.1	na	na	na
Mongolia	**No.**	3	0	67	na	na	0	2	33	na	na	na
	%	0.0	0.0	0.1	na	na	0.0	0.0	0.1	na	na	na
Taiwan	**No.**	1715	1412	2507	na	na	749	471	1156	na	na	na
	%	5.0	7.8	2.4	na	na	8.7	3.8	2.8	na	na	na
Afghanistan	**No.**	646	29	15	na	na	15	21	24	na	na	na
	%	1.9	0.2	0.0	na	na	0.2	0.2	0.1	na	na	na
Bangladesh	**No.**	437	157	1201	na	na	11	80	643	na	na	na
	%	1.3	0.9	1.1	na	na	0.1	0.7	1.6	na	na	na
Bhutan	**No.**	0	0	27	na	na	0	0	20	na	na	na
	%	0.0	0.0	0.0	na	na	0.0	0.0	0.0	na	na	na
India	**No.**	5091	1104	5919	na	na	247	969	3876	na	na	na
	%	14.8	6.1	5.6	na	na	2.9	7.9	9.5	na	na	na
Maldives	**No.**	8	1	102	na	na	0	0	35	na	na	na
	%	0.0	0.0	0.1	na	na	0.0	0.0	0.1	na	na	na
Nepal	**No.**	166	18	387	na	na	3	15	465	na	na	na
	%	0.5	0.1	0.4	na	na	0.0	0.1	1.1	na	na	na
Pakistan	**No.**	831	209	712	na	na	36	122	526	na	na	na
	%	2.4	1.2	0.7	na	na	0.4	1.0	1.3	na	na	na
Sri Lanka	**No.**	2011	524	1440	na	na	112	478	1037	na	na	na
	%	5.9	2.9	1.4	na	na	1.3	3.9	2.5	na	na	na
Total	**No.**	34352	18168	105448	na	na	8593	12307	40894	na	na	na
	%	100.0	100.0	100.0	na	na	100.0	100.0	100.0	na	na	na

Total 2002-2003 — **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.**	53	75	454	1006	4143	17	64	71	1253	4510	11646
	%	0.1	0.4	0.4	0.2	0.2	0.2	0.6	0.2	0.3	0.2	0.2
Cambodia	**No.**	617	109	227	5700	2376	83	101	164	5231	2660	17268
	%	1.7	0.6	0.2	1.2	0.1	1.0	0.9	0.4	1.1	0.1	0.3
Indonesia	**No.**	3026	1685	9164	33900	81059	634	589	4637	36896	86171	257761
	%	8.5	8.6	8.0	6.9	4.4	7.7	5.1	10.9	7.5	4.6	5.2
Laos	**No.**	41	65	152	2721	1529	30	40	143	2243	1255	8219
	%	0.1	0.3	0.1	0.6	0.1	0.4	0.3	0.3	0.5	0.1	0.2
Malaysia	**No.**	2686	1986	10740	57865	152236	459	1449	2067	56909	159194	445591
	%	7.5	10.1	9.4	11.8	8.3	5.6	12.5	4.9	11.6	8.4	9.0
Myanmar	**No.**	188	55	186	4208	1746	18	52	170	3716	1870	12209
	%	0.5	0.3	0.2	0.9	0.1	0.2	0.4	0.4	0.8	0.1	0.2
Philippines	**No.**	3190	806	1469	39513	32072	230	591	2110	39204	31771	150956
	%	9.0	4.1	1.3	8.0	1.7	2.8	5.1	5.0	8.0	1.7	3.1
Singapore	**No.**	1751	963	6780	21822	164437	260	811	1173	23201	166110	387308
	%	4.9	4.9	6.0	4.4	8.9	3.2	7.0	2.8	4.7	8.8	7.8
Thailand	**No.**	1133	272	4783	10570	63024	209	261	2612	10639	64597	158100
	%	3.2	1.4	4.2	2.2	3.4	2.5	2.2	6.1	2.2	3.4	3.2
Viet Nam	**No.**	2568	581	2343	52438	13466	643	719	1744	49541	16091	140134
	%	7.2	3.0	2.1	10.7	0.7	7.8	6.2	4.1	10.1	0.9	2.8
China	**No.**	6664	3140	24216	78554	211877	2129	1603	7545	81611	218990	636329
	%	18.7	16.0	21.3	16.0	11.5	25.9	13.8	17.7	16.6	11.6	12.9
Hong Kong	**No.**	1029	5213	9731	46631	83518	1735	2390	2584	46369	85174	284374
	%	2.9	26.5	8.5	9.5	4.5	21.1	20.6	6.1	9.4	4.5	5.7
Japan	**No.**	607	358	20285	14552	650067	190	368	4098	12832	670290	1373647
	%	1.7	1.8	17.8	3.0	35.3	2.3	3.2	9.6	2.6	35.5	27.8

Korea- People's Republic	No.	1	35	15	2104	270	45	51	20	1510	318	4369
	%	0.0	0.2	0.0	0.4	0.0	0.5	0.4	0.0	0.3	0.0	0.1
Korea- Republic of	No.	902	424	7705	13195	203453	296	369	5414	13751	203286	448795
	%	2.5	2.2	6.8	2.7	11.0	3.6	3.2	12.7	2.8	10.8	9.1
Macau	No.	25	71	241	861	2102	31	29	52	993	2112	6517
	%	0.1	0.4	0.2	0.2	0.1	0.4	0.2	0.1	0.2	0.1	0.1
Mongolia	No.	11	1	47	73	201	0	0	0	49	186	568
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	No.	1109	1357	2445	25965	85566	763	439	1043	26525	86703	231915
	%	3.1	6.9	2.1	5.3	4.6	9.3	3.8	2.4	5.4	4.6	4.7
Afghanistan	No.	964	30	45	1456	340	22	35	38	2330	486	5746
	%	2.7	0.2	0.0	0.3	0.0	0.3	0.3	0.1	0.5	0.0	0.1
Bangladesh	No.	437	147	1986	3199	3662	15	83	672	3296	3583	17080
	%	1.2	0.7	1.7	0.7	0.2	0.2	0.7	1.6	0.7	0.2	0.3
Bhutan	No.	1	0	3	4	123	0	0	31	73	127	362
	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
India	No.	5783	1341	7932	46320	66255	268	947	3731	44292	65477	242346
	%	16.3	6.8	7.0	9.4	3.6	3.3	8.2	8.8	9.0	3.5	4.9
Maldives	No.	3	0	118	12	320	0	0	30	78	403	964
	%	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Nepal	No.	176	19	317	912	1011	3	19	426	802	969	4654
	%	0.5	0.1	0.3	0.2	0.1	0.0	0.2	1.0	0.2	0.1	0.1
Pakistan	No.	770	248	817	4845	4367	38	121	567	6148	4127	22048
	%	2.2	1.3	0.7	1.0	0.2	0.5	1.0	1.3	1.3	0.2	0.4
Sri Lanka	No.	1845	696	1649	23022	13336	95	487	1437	21713	13368	77648
	%	5.2	3.5	1.4	4.7	0.7	1.2	4.2	3.4	4.4	0.7	1.6
Total	No.	35580	19677	113850	491448	1842556	8213	11618	42579	491205	1889828	4946554
	%	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 2002-03		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.	364	493	2828	na	na	116	517	768	na	na	na
	%	0.1	0.4	0.4	na	na	0.2	0.5	0.2	na	na	na
Cambodia	No.	6151	565	1393	na	na	456	633	1097	na	na	na
	%	2.1	0.4	0.2	na	na	0.9	0.6	0.3	na	na	na
Indonesia	No.	23075	7077	75393	na	na	3289	3789	38174	na	na	na
	%	7.8	5.3	11.7	na	na	6.4	3.8	11.8	na	na	na
Laos	No.	429	410	1316	na	na	245	390	1011	na	na	na
	%	0.1	0.3	0.2	na	na	0.5	0.4	0.3	na	na	na
Malaysia	No.	14089	14920	68561	na	na	2733	13617	23653	na	na	na
	%	4.7	11.2	10.6	na	na	5.3	13.8	7.3	na	na	na
Myanmar	No.	2567	496	1271	na	na	135	483	897	na	na	na
	%	0.9	0.4	0.2	na	na	0.3	0.5	0.3	na	na	na
Philippines	No.	28579	5885	10092	na	na	1866	4815	15418	na	na	na
	%	9.6	4.4	1.6	na	na	3.6	4.9	4.8	na	na	na
Singapore	No.	9249	6457	54128	na	na	1401	6444	10992	na	na	na
	%	3.1	4.9	8.4	na	na	2.7	6.5	3.4	na	na	na
Thailand	No.	6537	2094	27112	na	na	1117	1955	17476	na	na	na
	%	2.2	1.6	4.2	na	na	2.2	2.0	5.4	na	na	na
Viet Nam	No.	23706	4242	13896	na	na	4090	4724	11054	na	na	na
	%	8.0	3.2	2.1	na	na	8.0	4.8	3.4	na	na	na
China	No.	62130	20437	90525	na	na	13527	12839	46245	na	na	na
	%	20.9	15.4	14.0	na	na	26.5	13.0	14.3	na	na	na
Hong Kong	No.	22470	40078	57615	na	na	11595	25785	22655	na	na	na
	%	7.6	30.1	8.9	na	na	22.7	26.1	7.0	na	na	na
Japan	No.	5026	2490	101515	na	na	1282	2669	43791	na	na	na
	%	1.7	1.9	15.7	na	na	2.5	2.7	13.6	na	na	na
Korea- People's	No.	2	72	177			106	148	176			

Republic					na	na				na	na	na
	%	0.0	0.1	0.0	na	na	0.2	0.1	0.1	na	na	na
Korea- Republic of	No.	7069	2588	47069	na	na	1702	2419	35901	na	na	na
	%	2.4	1.9	7.3	na	na	3.3	2.5	11.1	na	na	na
Macau	No.	527	705	1229	na	na	237	384	426	na	na	na
	%	0.2	0.5	0.2	na	na	0.5	0.4	0.1	na	na	na
Mongolia	No.	26	3	390	na	na	0	2	255	na	na	na
	%	0.0	0.0	0.1	na	na	0.0	0.0	0.1	na	na	na
Taiwan	No.	14808	8418	21274	na	na	4306	3266	10670	na	na	na
	%	5.0	6.3	3.3	na	na	8.4	3.3	3.3	na	na	na
Afghanistan	No.	5498	200	120	na	na	113	160	171	na	na	na
	%	1.8	0.2	0.0	na	na	0.2	0.2	0.1	na	na	na
Bangladesh	No.	5258	1071	6466	na	na	118	790	2760	na	na	na
	%	1.8	0.8	1.0	na	na	0.2	0.8	0.9	na	na	na
Bhutan	No.	16	3	167	na	na	0	0	116	na	na	na
	%	0.0	0.0	0.0	na	na	0.0	0.0	0.0	na	na	na
India	No.	37473	8051	44327	na	na	1780	7731	23999	na	na	na
	%	12.6	6.1	6.9	na	na	3.5	7.8	7.4	na	na	na
Maldives	No.	23	10	967	na	na	0	5	308	na	na	na
	%	0.0	0.0	0.1	na	na	0.0	0.0	0.1	na	na	na
Nepal	No.	917	115	3209	na	na	20	106	2623	na	na	na
	%	0.3	0.1	0.5	na	na	0.0	0.1	0.8	na	na	na
Pakistan	No.	6621	1467	5773	na	na	235	1005	3948	na	na	na
	%	2.2	1.1	0.9	na	na	0.5	1.0	1.2	na	na	na
Sri Lanka	No.	14676	4649	10221	na	na	666	4057	8002	na	na	na
	%	4.9	3.5	1.6	na	na	1.3	4.1	2.5	na	na	na
Total	No.	297286	132996	647034	na	na	51135	98733	322586	na	na	na
	%	100.0	100.0	100.0	na	na	100.0	100.0	100.0	na	na	na

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Country Report

Chinese Taipei

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Chinese Taipei

RECENT DEVELOPMENTS IN TAIWAN'S LABOR MARKET

1. The Continuing Shift towards Employment in the Service Sector

The shift of the Taiwanese economy from a largely manufacturing industry-based economy to a more service industry-based economy continued in 2003; thus, the share of GDP contributed by the industrial sector fell from 32.4 per cent in 2000, to 30.2 per cent in 2003, a fall of 2.2 percentage points in just three years, whilst there was a corresponding rise in the contribution to GDP from the service sector over the same period, from 65.5 per cent to 67.9 per cent.

Table 1 Labor market conditions, 1987-2003

Year	Labor Force Participation Rates			Employed Persons *	Unemployment Rates		
	Total	Male	Female		Male	Female	Total
1987	60.93	75.24	46.54	59.73	1.96	1.97	1.97
1988	60.21	74.83	45.56	59.19	1.70	1.68	1.69
1989	60.12	74.84	45.35	59.18	1.57	1.56	1.57
1990	59.24	73.96	44.50	58.25	1.68	1.64	1.67
1991	59.11	73.80	44.39	58.22	1.50	1.53	1.51
1992	59.34	73.78	44.83	58.44	1.47	1.57	1.51
1993	58.82	72.67	44.89	57.97	1.36	1.59	1.45
1994	58.96	72.44	45.40	58.04	1.51	1.65	1.56
1995	58.71	72.03	45.34	57.66	1.79	1.80	1.79
1996	58.44	71.13	45.76	56.92	2.72	2.42	2.60
1997	58.33	71.09	45.64	56.74	2.94	2.37	2.70
1998	58.04	70.58	45.60	56.48	2.93	2.33	2.69
1999	57.93	69.93	46.03	56.24	3.23	2.46	2.92
2000	57.68	69.42	46.02	55.95	3.36	2.44	2.99
2001	57.23	68.47	46.10	54.62	5.16	3.71	4.57
2002	57.34	68.22	46.59	54.38	5.91	4.10	5.17
2003	57.34	67.69	47.14	54.48	5.51	4.25	4.99

Note: * As a percentage of the civil population, aged 15 years or above.

Source: CLA (2003).

As the industrial structure of an economy changes, so does its employment structure. Details of such changes in the labor market conditions from 1987 to 2003 are provided in Table 1 (above), showing a steady decline in labor participation rates and the proportion of the population in employment, as well as the steadily rising unemployment rates.

The government has also published figures which confirm the continuing fall in the proportion of employment in the agricultural sector, from 12.90 per cent in 1990, to 7.8 per cent in 2000, and down further, to 7.27 per cent, in 2003 (Table 2).

The share of employment in the industrial sector fell from 40.8 per cent in 1990, to 37.21 per cent in 2000, with the pace having quickened even more during the last three years, to 34.83 per cent in 2003; there is of course a corresponding rise in the level of employment in the service sector, which went from 46.3 per cent in 1990, to 55.0 per cent in 2000, and 57.90 per cent in 2003.

One should note that within the service sector, the share of employment in 'other industries' has, by and large, remained stable with the notable exceptions of two industries, namely, 'social, personal and related community services' and 'public administration'. The increasing share of employment in these two sectors comes basically as a result of the rapid expansion of public employment programs in these areas in 2003.

In terms of the occupational distribution of employment, there has been a rise in employment in the 'professional', 'technical' and 'service' sectors, and a fall in employment amongst blue collar workers (Table 3). Although professionals accounted for only 5.2 per cent of all employed persons in Taiwan in 1990, this figure had risen to 6.43 per cent by 2000, and still further, to 7.09 per cent, by 2003.

Table 2　Total number of employed persons, by industry

Unit: %

Year	Agriculture, Forestry and Fishing	Industry					Services						
		Mining and Quarrying	Manufacturing	Electricity, Gas & Water	Construction	Total	Wholesale, Retail and Restaurants	Transport, Storage and Communication	Finance, Insurance and Real Estate	Business Services	Social, Personal and Related Community Services	Public Administration	Total
1993	11.49	0.22	28.39	0.41	10.05	39.07	20.65	5.29	3.17	2.34	14.40	3.58	49.43
1994	10.92	0.20	27.80	0.40	10.82	39.22	20.98	5.29	3.24	2.39	14.41	3.55	49.86
1995	10.55	0.17	27.08	0.40	11.09	38.74	21.22	5.19	3.44	2.47	14.90	3.51	50.71
1996	10.12	0.15	26.71	0.39	10.23	37.48	21.79	5.21	3.68	2.57	15.57	3.57	52.39
1997	9.57	0.14	28.01	0.38	9.64	38.18	21.74	5.07	3.83	2.62	15.49	3.52	52.26
1998	8.85	0.13	28.11	0.38	9.31	37.92	22.03	5.13	4.14	2.80	15.73	3.39	53.23
1999	8.27	0.12	27.74	0.37	8.98	37.21	22.70	5.07	4.33	3.03	16.01	3.39	54.52
2000	7.80	0.12	27.97	0.38	8.77	37.23	22.79	5.07	4.34	2.63	16.16	3.32	54.97
2001	7.53	0.11	27.57	0.37	7.95	35.99	23.52	5.19	4.60	2.85	16.82	3.49	56.48
2002	7.50	0.10	27.11	0.37	7.67	35.24	23.99	5.05	4.63	3.01	17.09	3.48	57.26
2003	7.27	0.09	27.05	0.36	7.33	34.83	23.85	5.06	4.53	2.98	17.55	3.85	57.90

Source:　CLA (2003)

Furthermore, whilst the share of total employment accounted for by technical workers has risen rapidly, from 11.6 per cent in 1990, to 16.8 per cent in 2000, and to 17.92 per cent in 2003, there has been a corresponding rapid decline in the share of employment in production and laboring work, from 41.1 per cent in 1990, to 36.0 per cent in 2002, followed by a continuing, but more gradual, decline to 33.33 per cent in 2003.

Table 3 Proportion of employed persons, by type of occupation, 1993-2003

Unit: %

Year	Senior Executives [a]	Professional	Technical [b]	Clerical	Service Sector [c]	Agriculture, Forestry and Fishing [d]	Manual [e]
1993	5.04	5.55	14.08	9.22	16.07	11.38	38.67
1994	4.88	5.36	14.50	9.39	16.09	10.80	39.00
1995	4.82	5.53	14.79	9.70	16.35	10.41	38.40
1996	4.73	5.98	15.18	10.17	16.87	9.99	37.08
1997	4.58	6.10	15.54	10.22	16.89	9.43	37.23
1998	4.58	6.22	16.13	10.28	17.19	8.72	36.88
1999	4.41	6.40	16.74	10.60	17.76	8.14	35.94
2000	4.34	6.43	16.76	10.82	18.04	7.65	35.96
2001	4.33	6.56	17.21	10.93	18.60	7.41	34.97
2002	4.49	6.87	17.58	11.01	18.94	7.39	33.72
2003	4.46	7.09	17.92	11.09	18.98	7.14	33.33

Notes:

[a] includes legislators, government administrators, business executives and managers.

[b] includes technicians and associated professionals.

[c] includes service workers, and sales workers in shops and markets.

[d] includes workers in agriculture, animal husbandry, forestry and fishing.

[e] includes production workers, plant and machinery operators and laborers

Source: CLA (2003).

2. High Unemployment and Job Creation Programs in Taiwan

In a desperate attempt to relieve the growing pressure from mounting unemployment, in 2003, the Legislative Yuan approved the ‘Provisional Statute for the Expansion of Employment through Public Services’, resulting in the allocation of a NT$20 billion budget for the creation of jobs for unemployed middle-aged, aged and disabled workers in the public sector.

The types of public sector jobs that were to be created were those relating to improving the living environment, overall environmental beautification, improvements and extensions to existing community services, and the promotion of tourism and traveling services. It was the hope of the government that this plan could generate some 75,000 jobs for the island's unemployed. However, whilst such a plan might well help to relieve the hardships felt by many of the unemployed in the short run, it could do little to generate long-term employment opportunities, let alone decent jobs (Lee 2003).

The Executive Yuan has also approved a NT$50 billion 'Infrastructure Expansion Program', the purpose of which is to improve the overall level of infrastructure in the areas of agriculture, sewage systems, urban development and tourism. In this particular case, it is the hope of the government that the program might lead to the generation of a NT$37.1 billion contribution to GDP (in percentage terms, the hope is for an overall contribution to the annual GDP growth rate, of 0.38 per cent in 2003, 0.19 per cent in 2004, and 0.18 per cent in 2005). Unfortunately, due to the lack of enforcement, and a lack of certain building materials, this plan is falling woefully short of its goal of generating large numbers of jobs for society in general (Liang, 2003).

3. New developments for foreign workers:

1. To attract foreign investment into Taiwan the government has made it easier for chief executive officers (CEOs) of foreign companies to import foreign household maids.

2.To reduce the number of 'runaway' workers the government has set up direct phone lines which foreign workers can use to make known their complaints over work difficulties and other job-related problems with their employers. These phone lines are available in four languages: Filipino, Thai, Vietnamese and Indonesian.

3. Prior to 2001, the 'Managing and Employing Foreign workers Act' permitted employers in Taiwan to negotiate with foreign workers to set up forced savings accounts on their behalf. Employers were allowed to deduct up to 30 per cent of the foreign workers' regular salary and deposit it into these accounts. In 2001, the government removed the savings account provision from the law.

4. To reduce the costs of employing foreign workers the government permitted employers to count room and board as part of foreign workers' pay.

5. As Taiwan strives to achieve its goal of becoming a knowledge-based economy, the need to import foreign professionals from abroad has become even greater, In 1991, there were only 8,505 foreign professionals in Taiwan; however, by 1995, this had increased to 8,994, to 13,489 in 2001, and still further, to 17,130 in 2002. During the early period, a large proportion of these foreign professionals were engaged in business (25.5 per cent) religious work (20.3 per cent) and teaching (10.5 per cent); however, the recent trend indicates greater concentration in business, teaching and engineering, and

less involvement in religious work. Thus between 2001 and 2002, the number of foreign businessmen in Taiwan increased from 4,053 to 4,987, the number of foreign teachers rose from 4,435 to 5,976, and the number of foreign engineers climbed from 2,269 to 3,416.

In terms of their share of the total number of foreign professionals in Taiwan, the proportion of businessmen has risen from 13.8 per cent in 2001, to 16.4 per cent in 2002, whilst the proportion of teachers climbed from 15.2 per cent in 2001, to 19.7 per cent in 2002, and the proportion of engineers has increased from 7.8 per cent in 2001, to 11.2 per cent in 2002.

Country Report

Hong Kong (China)

by

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

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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
Real GDP	*4.3*	*5.1*	*-5.0*	*3.4*	*10.2*	*0.5*	*2.3*	*1.5*	*-0.5*	*-1.1*	*2.3*	*-0.6*	*0.8*	*3.4*	*5.1*	*4.5*	*-0.5*	*4.0*
Real GDP (HK$ Billion)	*1,133*	*1,190*	*1,131*	*1,169*	*1,288*	*1,294*	*311*	*315*	*332*	*336*	*1,324*	*310*	*318*	*343*	*353*	*324*	*316*	*357*

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#+**
Agriculture and fishing	*0.8*	*0.5*	*0.3*	*0.1*	0.1	0.1	0.1
Industry							
- 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***
Services							
- 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*.

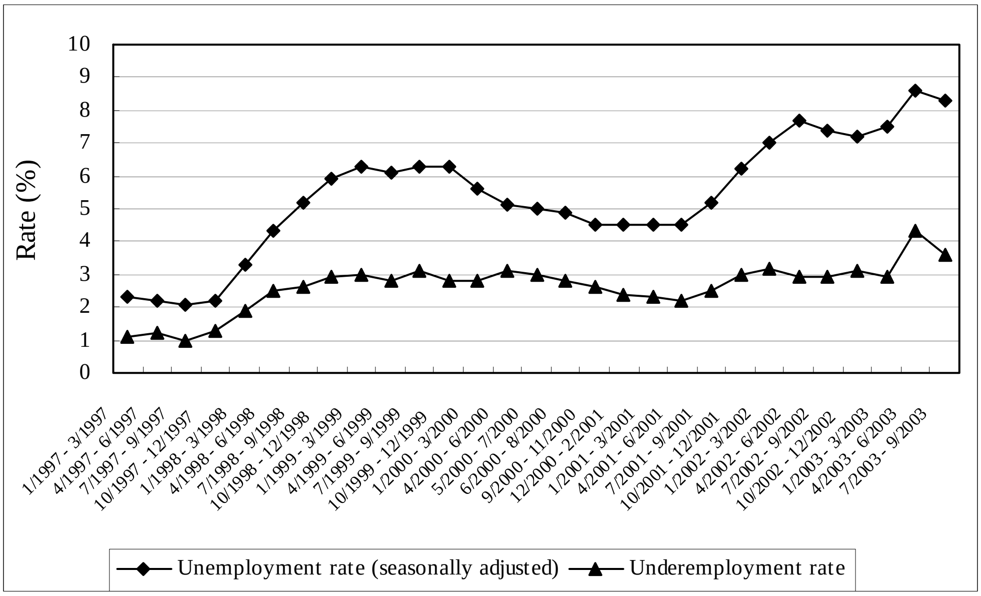
Note: Year-end figures.

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 over71, 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

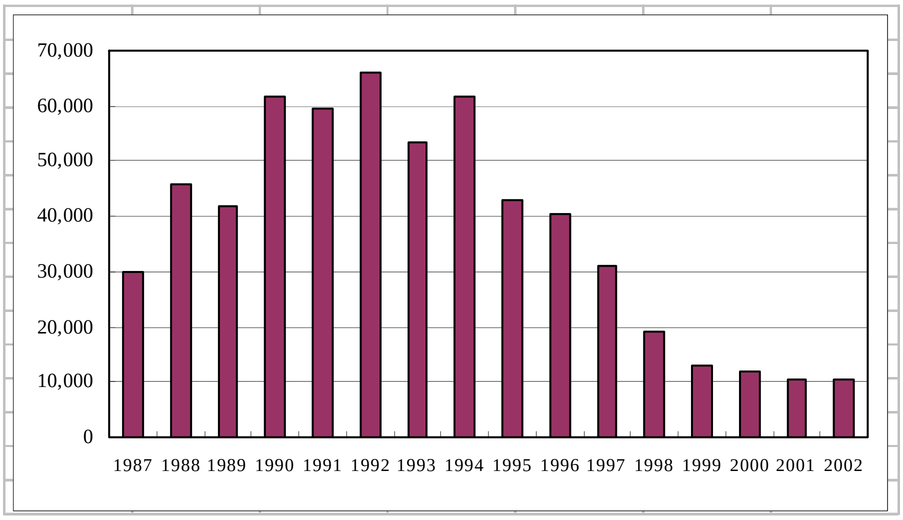
Source: Census and Statistics Department. 1996-2003. *Hong Kong Annual Digest of Statistics.*

Note: [1]Wages 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 polices. 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

	1991		1996		2001	
Nationality	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
Total	*5,522,281*		*6,217,556*		*6,708,389*	

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.

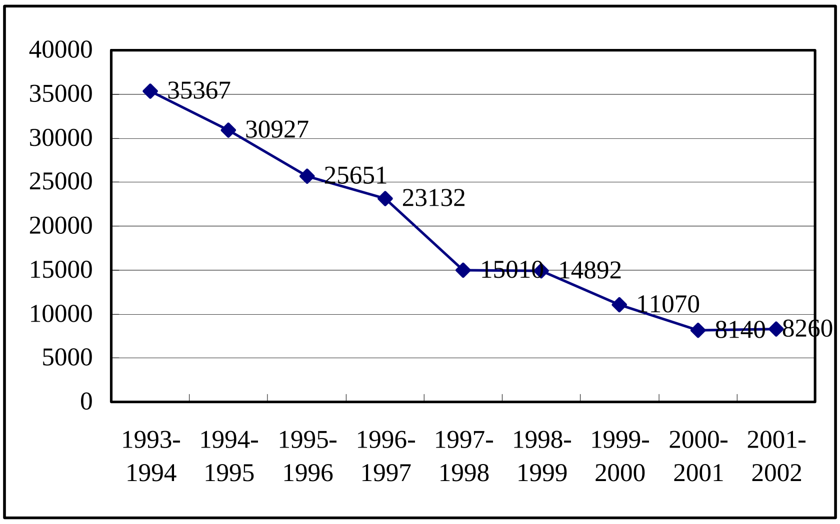
In 1995, an economic downturn and rise in unemployment then fuelled public resentment over the presence of legal and illegal imported workers. Then after the last Legislative Council election under British rule in 1995, trade unionist and other 'grassroots' representatives occupied a majority of the 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 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 soley 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 fasts-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.

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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

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[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 Immigariont 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 Tiananman 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 dirvers 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"

Country Report

Indonesia

by

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RECENT TRENDS OF INTERNATIONAL MIGRATION IN INDONESIA

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Summary

The Indonesian macroeconomic stability and indicators in 2003 show the significant recovery. It is revealed by the stability of the exchange rate of Rupiah towards the US dollar, the inflation value under the 6.0 percent, and SBI (*Sertifikat Bank Indonesia)* that tends decreasing. .

However, all those better conditions are still considered not yet optimal and sustainable, compared to the real potential of the Indonesian performances as such, and that of the other countries as well. It is shown by the increasing of the Indonesian economic growth rate from the time, although its rates are relatively small that shows by the currently growth rate, under 5.0 percent. This condition has been happening for seven years. The low rate of the economic growth has the impact on the high rate of the unemployment. In 2002, for example, the unemployment rate was 9.06 percent or 9,13 people.

The domestic conditions that is not conducive for the economic development, such as the problems on banking systems, the government budget, as well as the foreign investors inflows, have made the low rate of the investment and its implications are difficult to absorb the high rate of unemployment.

One of the efforts expected to solve the high rate of the unemployment is to send the Indonesian workers abroad. This phenomena actually emerges the socio-economic and cultural problems individually and communally, and governmentally as well, for Indonesia as the sending government or the other countries as countries of destination.

In general, several years before the economic crisis, the number of TKI (*Tenaga Kerja Indonesia/*Indonesian Migrant Workers) sent abroad tends to increase from the time. Out of those have been sent, a great part of them are female workers with Arab Saudi and Malaysia as destination countries. Most of them are working in social service sector, socially and personally, with the type of domestic works/housemaids. Is it natural, since those who were sent mostly have the low level of education.

By having such characteristic, they are very sensitive to the bad treatments that make them get losses. Bad treatments that mostly are experienced by the TKI working abroad or in the training in the country (before they are sent and after back home) are unfair payment, violence, sexual harassment , bribed. Actually it is ironical, since they have contributed much positively on the Indonesian economy. A part from the foreign exchange, the increasing of the TKI sent abroad is one of the logic solutions and natural to cope the great problem the unemployment in the country.

Looking at the high contribution of the TKI on the economy, the Government should work together the all the stake holders related on this role to think about the solution to

over come all the problems faced by the TKI. It will be more important for the coming years, since there are not yet much abilities expected to support the domestic economic growth to solve the high number of unemployment existed, and the increasing of the new labor force coming to the labor market.

One note is, the prediction of the ILO to cope the 400 thousand laborers in Indonesia, it needs the economic growth of 1.0 percent. Thus, by the increasing of 2,5 million laborers annually, Indonesia needs 6.0 percent of economic growth per year. By this condition, the problem of unemployment will be difficult to solve if the Government only provides the job opportunity in the country. Based on this consideration, the handling of all problems faced maximally by TKI is very important and very urgent.

1. Introduction

The indicators and stability of Indonesian macroeconomic show a significant recovery rate throughout the year 2003. Indonesian teams of economists have claimed the credit from economic observers since of the realization of the macroeconomic indicators at the end of the year exceeding expected targets. Economic growth predictions made by the Central Bank and the Ministry of Finance for the year 2003 is 4.1 percent, rose from 3.32 percent in the year 2001 and 3.66 percent in the year 2002. Recently, Rupiah has been on a most stable level since the 1997 crisis, the level is about Rp 8,450.00/US$ 1. The Jakarta Stock Exchange Composite Index continues to increase at the end of 2003 and it is even increasing to the highest value on January 9, 2004, with its value of 753,692. The realization of inflation of 5,06 percent is also below the target of 6 percent (at the beginning of the year). This rate is far below the inflation rates of 2000 (12,55 percent) and 2001 (10,03 percent). The interest rate of the Sertifikat Bank Indonesia (SBI) one month decreased to a level of 8,42 percent, from around 12,89 percent in the beginning of 2003 and 17,60 percent in the beginning of 2002, while the official reserves continues to rise, from US$ 27,89 billion in the year 2001 and US$ 31,911 billion in the year 2002, to around US$ 35 billion in the year 2003.[1]

On the other hand, terrorist again attacked Indonesia, for example was the bomb hit the JW Marriot Hotel, but its effect is insignificant to the Indonesian economy. Another problem was the pro-contra on the purchasing of Russian Sukhoi fighter jets through bartering for crude palm oil, it has gone through numerous criticisms because it was considered not-urgent for the time being and it was not scheduled in the previous budget. After that, the Government took a bold step by exiting the IMF relief program. Experts believed that in the beginning Indonesia will have a difficulty in obtaining other loans to cover the budget deficit. In fact, Government has implemented tight fiscal policy which is success to decrease budget deficit from 3.7 percent and 2.5 percent (of the GDP) in 2001 and 2002, to 1.9 percent in 2003. The exit of Indonesia from the IMF program greatly affects the investor intention to invest in Indonesia, which is proved by the decreasing of investments as much as 26.80 percent in 2003, compared to 2002 that has risen 1.70 percent from the previous year. The realization of the Foreign Direct Investment (FDI) still remains negative, which means there is continuous capital outflows, even though the number of outflows continues to decrease from year to year.[2]

2. The Domestic Economy and the Labor Market

The economic growth that has been increasing from the previous years could not be separated from the effort of the tight fiscal policy, which is seen in the lowering of the debt ratio and budget deficit. The debt ratio to Gross Domestic Product (GDP) gradually decreases from more than 100 percent in 1998 to 72 percent in 2003, and in 2004 it is predicted close to 60 percent. The budget deficit is driven to a level of 1.9 percent in 2003 and in 2004 it is expected to reach 1.3 percent. While the balanced budget target is expected to be obtained in 2006, and foreign debts is scheduled to be paid off in the year 2010. Indonesia's capability to lower the budget deficit could not be

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[1] Kompas, December 15, 2003.

[2] *Ibid.*

separated from the government efforts in increasing state income through the sales of assets of Indonesian Bank Restructuring Agency (IBRA) and divestment of a number of state owned enterprises to private parties or foreign investors.[3]

Figure 2.1 shows real GDP rose from US$ 188.60 in the year 2001 to US$ 213.45 in the year 2002, and has risen again in 2003 even though it is predicted by the World Bank, still remains 10-20 percent below the level before the crisis, where the Indonesian income per-capita reached US$ 1080 annually. In a while, everything seems to run as well as it is planned and nothing is wrong with the economy at all. But the social indicators and real sector conditions still admitted not experiencing a significant improvement, and even some have worsen. Although the government reports have shown that the poverty rate could be lowered from 27 percent in 1999 to 16 percent in 2003, the World Bank pointed out that 110 million people or about 53 percent of the population still lives below the poverty line based on measurements of international poverty standards (an income below US$ 2 per day). This vulnerable group fall to a lower poverty level when the prices of basic needs, especially food, increased by a small margin.

The crisis that has been remaining for 6 years, seemed not to bring any lessons to Indonesia, because it failed to push Indonesia to bring order to its government and corporate governance, such as public transparency and accountability, corrupt practices, collusion, and nepotism. Those factors have caused the investment scene to worsen, driving away investors and worsening the economy as a whole. The low investment rates also have caused infrastructure conditions from provisions of electricity, roads, telecommunications, to clean water to continue to worsen and put a stranglehold on the economy. This must be paid expensively, in order to pull even with other countries, Indonesia will need 10-15 years to recover with investments of US$ 15 billion each year.[4]

Looking at the components forming of the GDP, consumption remains the engine driving the economy. A symptom, according to Bank of Indonesia (BI), is unnatural and unhealthy because it has been going on for four years. It is in contrast with the condition in Korea and the Philippines which is supported by the investments, or in Malaysia and Thailand that relies on strong exports to recover the crisis. Figure 2.1. shows that since 1999, even though the growth of consumption is small about 4,26 percent, 2,03 percent, 4,82 percent and 5,51 percent respectively for 1999, 2000, 2001, and 2002, the proportion of the consumption to GDP is still above 75 percent. This rapid growth of consumption is shown by the increasing sales of durable goods. Based on the statement of BI, the retail sales index increased sharply since mid-year 2003, with the increasing sales of motorbikes and automobiles, 32 percent and 20 percent in the third-quarter of 2003 compared to the previous year, besides the sharp increase in the food consumption. Private consumption contributes 91 percent of GDP growth in 2002 and 33 percent in 2003.[5]

The investments only contributes 20 percent to GDP or it is still below the 30 percent (the level before the crisis). But what is worse is that the investment that exists

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[3] The Jakarta Post, January 10, 2004

[4] http://www.depkeu.go.id

[5] Kompas, December 2, 2003

is switching from production activities to real estate sector. Almost 80 percent of the investments listed for 2003 are in the real estate sector with a number of segments (especially for non-housing) now it is experiencing an over supply, so now concerns of the bubbles bursting are beginning to show just as what happened before the 1997 crisis. In contrary, according to the statement of Investment Coordinating Agency (BKPM), the investments in machinery and tools for production fell from 23 percent in the year 2000 to 18 percent in the third-quarter of 2003. It is consistent with trends of the decreasing of machinery and tools for production import that has also decreased to the level of 50 percent. These data implicate that the real sector did not increase but even worsen.[6]

The industrial sector, especially manufacture, is also worsening, caused by the incomplete debt restructuring, over capacity, incapability of increasing competitiveness due to high economic costs, working capital difficulties, also inadequacies of clear trade and industrial policies. The exports of goods and services are still increasing from US$ 62,684 billion in 2001 to US$ 64,004 billion in 2002 and up to October 2003 have reached US$ 50,73 billion (increased by 6 percent compared to the same previous period). But, the increasing is largely due to increases of world commodity prices. Export contributions to GDP now is below the crisis level, while the other countries that had experienced the crisis like South Korea, Thailand and Malaysia, are far beyond the pre-crisis level. Indonesia has also lost market shares for 30 main non-oil export commodities in the world market, from 2,9 percent in 1997 to 2,7 percent in 2003, caused the by the decreasing of competitiveness, as well as tight competition from other competing countries in the same labor intensive industry like China and Vietnam.[7]

The better of macroeconomic conditions, political stability, market sentiment, and Indonesia's ranking in debts have demanded real and significant investments. If this climate of investments have not yet improved, the economic momentum achieved through hard work in the last three years to accelerate economic recovery will just simply vanish. The economy will experience supply constraints since the production can not keep up the demands. Not just investments that are driven away from Indonesia, data from Bank of Indonesia shows also the continuous net capital outflows from Indonesia. Private investment inflows during 2003 was majority made up the portfolio investments that was triggered by the relative interest rate of SBI and investment reallocations from Severe Acute Respiratory Syndrome (SARS) infected countries.

Net Foreign Direct Investments (FDI) are in high negatives, minus US$ 7,1 billion in 2002, or much worse than in 2001 that was minus US$ 5,0 billion. In 2003, up to the first quarter alone, it reached minus US$ 2,6 billion, or a quarterly historical low. While the expected FDI for 2003, according to Financial Notes and Budget plans, the figures will be minus US$ 3,659 billion. So far, the figures of the portfolio investments remain positive, as large as US$ 1,145 billion in 2002 and US$ 1,243 billion in 2003. The figures of Net Foreign Direct Investments are in accordance with the IMF manual standards— including the asset sales of IBRA and State-owned

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[6] *Loc.Cit.*, Kompas, December 15, 2003.

[7] Kompas, January 5, 2004.

Enterprises divestment are as inflows, while dividend payments that relate to FDI are accounted as outflows.[8]

In general, the conditions of the national banking are greatly improving compared to the years before the crisis, and according to World Bank the conditions, they are now are equal to those of the other Southeast Asian countries. The average capital adequacy ratio (CAR) has reached 23 percent per-June 2003. Non-performing Loans ratio to total credit have decreased from 12 percent in 2002 to 7 percent per-June 2003. The improvements of bank performance, however, is not accompanied by the improvements in risk management, internal control, and good corporate governance. The case of embezzlements in two state-owned banks, Bank Negara Indonesia (BNI) and Bank Rakyat Indonesia (BRI), caused by way of fake the Letter of Credits issued, are only a few small examples of bad risk management. The intermediate function is not as it is expected because the business world still complains of the difficulties in obtaining the working capital.[9]

Similar condition goes for the unemployment, even though only 9.06 percent of the total labor force is recorded, this number can sharply increase to 30 percent if the low economic growth that has been recently experienced fails to accelerate in accommodating the growth of the labor force. An economic growth of 4 percent will not accommodate all the increases of the labor force of 2,5 million people. According to the International Labor Organization (ILO) predictions, an economic growth of 1 percent will accommodate for 400,000 new workers, thus an economic growth of 4 percent 1,6 million workers will be accommodated. It means, 900,000 more people will not be accommodated every year.[10]

The slow down of the Indonesian economy has resulted a complexes problem in the industrial relations. During the year 2003, many discharges of employees by the firms, not fully recovered from the 1997 crisis, took place. Many of which is the discharge in PT Dirgantara Indonesia, one of the state-owned enterprises handling the aviation industry, that has laid-off as many as 6,000 employees, since of the company has no ability to pay worker's salaries caused by the continuous losses experienced by the company. Then, it is followed by a number of Textile and Textile product (TPT) firms that also discharged thousands their employees, because they could not keep up the competition from textile firms from Vietnam and China.[11] Then, there was the discharge of thousands of household-scale and small-scale cigarette firm employees in Central Java, because of the incapability of the market to absorb their products after the rise of gas, electricity and telephone prices. It has brought a decrease of production to 60 percent. A major US tire company, Goodyear Tire & Rubber Co. in Indonesia, discharged 700 employees in order to cut its operational costs.

Figure 2.2. shows unemployment rate of 9.16 million people. The total unemployment including underemployment, i.e. people working less than 30 hours per week, according to the Ministry of Manpower, has reached 45 million in 2003, increasing from 40,2 million in 2002. Also, there was the movement of the workers

8 *Loc.Cit.*,Kompas, December 15, 2003.

9 *Ibid.*

10 Kompas, September 15,2003.

11 Kompas, December 22,2003.

from the industrial sector to the agricultural sector and services sectors were occurred, because of the decreasing and slowing down of the real sector. Formerly, the workers working in the real sector have reached 17.5 percent in 2000 and 2001, then decreased to just 13.2 percent in 2002, which also means that the migration from the formal sector to the informal sector was taken place.

3. Recent Trends in International Migration

Through the Ministry of Manpower, the government policies to overcome the problems of the over-supply of labor by relying on sending Indonesian Migrant Workers (TKI) abroad are being revised. Figure 3.1 shows the number of the labor sent abroad tends to decrease from 480,4 thousand in 2002 to 114,3 thousand in June 2003. In part, it is caused by the decreasing of desirability of working abroad due to the bad working conditions and treatments in a number of countries abroad.

The negative effects have been experienced by workers working abroad, from injustice in the pay system, violence experienced by workers working informally as housemaids, sexual harassment, and even mysterious deaths. These are many numbers of examples of bad treatment experienced by TKI or TKI candidates, from 1999 until January 2002. There were 76 housemaids from Indonesia in Singapore died from falling off from high buildings. Based on this evidence of the police investigations and Singapore Justice verdicts, as much as 22 housemaids died from suicide.[12] In the beginning of 2003, there were tens of TKI candidates who failed to work in US computer firms and still remains in the office of PT Calgen Sejati. The fraud TKI suspects were embezzled Rp 800 million.[13] As much as 117 TKI ran away from the office of PT Sanjaya Putra Perkasa, since months and even years, they were detained by the firm and received bad treatments. Three hundreds and thirty (330) TKI candidates from Central Java, Surabaya, Tasik, and Ciamis were victims of fraud by LSM Cipta Pekerja Mandiri Semarang that collected Rp 5-13 million in exchange for hopes of working in Japan.[14] In the year 2002, there were 988 cases of TKI handled by the Directorate of Protection and Empowerment, and many of them, or 727 cases, took place in Saudi Arabia.[15] Then, numerous TKI worked in Malaysia, Saudi Arabia, Hong Kong, Kuwait, and other countries have experienced bad treatments from their employers, such as rape, sexual harassment, assault and even unpaid wages.

In the year 2003, the number of TKI sent abroad were still large enough and it effectively decreased the unemployment rate, with destination countries to the Asian Pacific countries and Middle East, accounted for 41.09 percent and 58.81 percent, respectively, of the total number of TKI. Figure 3.1. shows that the favorite destination countries still remains Saudi Arabia and Malaysia, accounted for 52.01 percent and 32.28 percent of the total number of workers sent abroad in 2003. Broken down by sex, the working abroad were dominated by female workers, even with the sharp decrease from the previous years, 70.18 percent out of the total. The number of female migrant workers in 2002 were 92.06 percent. It is in accordance with the Indonesian

[12] Sinar Pagi, January 28, 2003.

[13] Pos Kota, January 24, 2003.

[14] Koran Tempo, January 8, 2003.

[15] Unpublished data from the Ministry of Manpower and Transmigration.

government's commitment to cut the sending of the workers abroad for working in the informal sectors, and to add the number of workers sent abroad for working in the formal sectors, such as nurses and sailors.

To overcome the problems emerged from a low quality grade of workers, the tight selections are fitted to the future workers who will be sent abroad. These selections include the language and ability tests carried out by Indonesian Workers Competency Test Agency (LUKI) founded by the Ministry of Manpower. The TKI candidates passed the tests will be given a Certificate of Competence internationally standardized, so that the TKI are more competitive abroad. This important decision is considered by many to be the cause of the decreasing of the number of workers sent abroad, but it is to be the rise in quality expected. On the other hand, clearances and working permits given to foreign workers that wish to work in Indonesia must also be tightened. Foreign workers who are given the working permits should only be workers who possess skills or abilities that Indonesian/domestic workers do not have. Up to the year 2003, the number of foreign workers working in Indonesia is as much as 19,000 people. Illegal foreign workers, who have been detected misusing their tourist and temporary-resident visas, are totaling 50,000 people according to the Minister of Manpower's statement. Foreign workers entering Indonesia are still dominated by workers from Asian Pacific countries such as Australia, South Korea, Japan, China, and also the United States.[16]

The number of foreign visitors or tourists (short visitors) who came to Indonesia up to September 2003 is 2.66 million people, decreased from the number for period of 2002 that reached to 3.26 million people. This number is still below the target set by the Ministry of Tourism that is 4.6 million people.[17] The number of the foreign people, holding a temporary and permanent-resident leaving Indonesia up to September 2003, was recorded as much as 40,760 people. The decreasing number is due to the low domestic guaranteed security after the terrorist attacks, where many countries are still implicating travel warnings to their citizens planning to visit Indonesia. Meanwhile, the number of Indonesians living abroad, as temporary or permanent-resident, were 2.7 million people.[18]

The benefit of sending workers abroad can be seen in Figure 3.7, where up to year 2002 remittance sent by TKI continues to increase from US$ 1,31 million and US$ 1,97 million in 2000 and 2001, respectively, to US$ 2,18 million in 2002. The effects of the remittance sent by TKI on the Indonesian economy can not be accounted in the terms of material. But for the household level, this remittance brings a large effect that can be seen when a TKI spends money in building a more adequate home, increase in consumption of electronic goods, and others. Furthermore, most of the returned Indonesian workers gained more skills from their relevant field of works. Those skills could be used to increase those workers' marginal productivity after returning home.[19]

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[16] Koran Tempo, January 20, 2004.

[17] *Loc.Cit.,*Kompas, January 5, 2004.

[18] Central Bureau of Statistics, *Annual Report:2002,* Jakarta: December 2002.

[19] Ministry of Manpower, *StudyKebijakan Perluasan Kesempatan Kerja bagi Tenaga Kerja Indonesia Purna Tugas.*(Policy Study of Employment Creation for Returned Indonesian Workers), Jakarta: March 1998.

Illegal TKI caught and planned to be deported back to Indonesia from Malaysia are as much as 400 thousand people. They will be sent home after finishing their punishments sentenced by the Malaysian Court of Justice, starting from fines, imprisonment, or even floggings. Whereas, the number of illegal TKI in South Korea amounting to 36 thousand will be sent home to Indonesia due to foreign labor requirement offences in that country. From Kuwait, 19 people are sent home because of the failure to fulfill the necessary documents. Numbers of TKI sent home have sharply increased from the total in 2003, they were 36 thousand people.[20]

4. Economic Outlook and Policies Regarding International Migration

The year 2004 will be a year full of tests and challenges for the Indonesian economy, with the economy entering a new phase after the crisis of 1997, without the IMF. The Government must provide the funding for matured loans in 2003 that can not be rescheduled for in the Paris Club, which amounts are around US$ 3 billion. At the same time, the values of government bonds matured are increasingly high in the years to come. For the year 2004, the principal, as well as the interest matured, will reach as much as US$ 2,706 billion. Total payments of principle installments and interests of the government loans will reach US$ 23 billion in 2004, increased from US$ 20 billion in 2002. Despite, the income from asset sales of IBRA that accounts for much as US$ 3,059 billion for the budget, can not be expected for because of the completion of the IBRA program due in February 2004 as well as sale of most of the assets. The end of the IMF program has the implications on Indonesia that its installments of loans must be paid to IMF in order to gain market and investor confidence related to policy credibility. The efforts to stimulate the investments is not be so easy, especially due to the decreasing of the tendency to save domestically besides the increasing in payments of matured loans. Saving rate now is only 20 percent, far below the average of 30 percent before the crisis.[21]

The general elections that will be held in 2004 will be most likely makes the investors and business practitioners more careful, due to the new Government will be established. So, it is almost unlikely that there will be new or even large investments in Indonesia this year. The general election is expected to increase the consumption just like in the previous general elections, so that the economy can accelerate. Generally, the prospects of the economic growth until 2007, as projected by many agencies and analysts including the World Bank and IMF, is still at a low level of maximum 5 percent annually. The economic growth in 2004 is predicted to be about 4 percent, whereas in 2005 is 4.5 percent and in 2006 and 2007 is about 5 percent each year. This growth clearly is inadequate to accommodate the increasing of new labor force that increases by 2 – 2.5 million per year, while the world trade volume is expected to raise from 3 percent in 2002 to 7,9 percent from 2004-2005. This development is considered could help increase the Indonesian exports and the flow of FDI to Indonesia. According to the World Bank analysis, an increase of 1 percent of the world trade volume will

[20] The Jakarta Post, January 14, 2004.

[21] http://www.bi.go.id/

raise to the Indonesian export volume as much as 0.8 percent and Indonesian real GDP growth as much as 0.4 percent.[22]

In 2002, there was a decree stipulated by the Minister of Manpower and Transmigration (Kepmennaker) No. 104A year 2002 related to the placing of Indonesian Migrant Worker overseas. One of these regulations curbed the number of informal workers sent to Asia Pacific and Middle East regions, in term of number or destination countries effective for Indonesia Worker's Placement Service Company (PJTKI). Allocation control was aimed to enhance bargaining position of the Indonesia migrant worker abroad, and also to decrease redundant placing of Indonesia migrant workers.

Besides, the potential of a sharp increase in unemployment this year is large (2004), due to the fact that the manufacture and forestry firms will lay-off their workers, due to a dearth of the new international manufacturing orders and the government-lowered logging quota. Referring to those problems, the Ministry of Manpower have signed an MoU along with the Ministry of Tourism, Ministry of Agriculture and the Ministry of Maritime Development, to put on the table all the problems in carrying out programs to absorb the unemployed in those three sectors. The Ministry of Agriculture would prepare labor intensive social safety net projects, the Ministry of Tourism would provide training programs for workers, while the Ministry of Maritime Development would provide nets and vessels so that people could work as fishermen. The government would also continue to develop the labor sent abroad and the labor placement domestically. The government has set a target for sending around one million workers to the Middle East and Asia Pacific regions this year (2004), and setting of others in palm-oil plantations at home. Specifically, for the illegal TKI deported from Malaysia, the Ministry of Manpower has provided working fields, an area of one million acres of palm oil plantations in Nunukan. This plantation is expected to absorb as little as 400 thousand workers, with each receiving 2-3 acres of land.[23]

For the foreign workers, the regulation for including foreign workers in PT Jamsostek will apply social security program which previously repealed by the government corporation that deals with the social security management. This will benefit foreign workers for they will have security and also will benefit Indonesian workers, as there will be more flow of funds for social security program. Moreover, it will be benefit to Indonesian economy since many consumers abroad refused to buy Indonesian products as their governments required that there are guarantees of social security program for the workers that produce those products. Better social security will tend to increase the number of foreign workers inflow to Indonesia in the future.

For the immigrants as a whole, the authority that responsible in policymaking is the Ministry of Justice under Directorate General of Immigration. There are recent issues on immigration that are considered by Directorate General of Immigration, Ministry of Justice, which are the global issues such as the presence of network of organized international terrorists, economic aspects, gender issues, and human rights. Considering the economic aspect, the procedure of request of permanent residential permits needs to be revised in order to stimulate foreign direct investment in

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22 *Loc.Cit.,*Kompas, January 5, 2004.

23 *Loc.Cit.,*Koran Tempo, January 20, 2004.

Indonesia.[24] Regarding gender and human rights issues, the current issues emerged are the possibility of Indonesian citizenship status for the foreign husbands of Indonesian wives, and the possibility of two citizenships in limited period for Indonesians living abroad in particular countries.

[24] Kompas, January 26, 2002.

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Figure 2.1. Main Economic Indicators

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Real GDP Growth	7.54	8.22	7.98	4.70	(13.13)	0.79	4.92	3.32	3.66
Real GNP Growth	7.71	7.84	8.08	4.10	(16.61)	2.53	4.28	5.69	2.59
Real per capita GDP (US$)	845.42	858.26	883.64	475.83	236.27	263.41	201.48	188.60	213.45
*Real per capita GDP growth (%)**	5.80	6.50	6.31	3.29	(14.40)	0.24	3.36	1.80	2.13
Domestic Demand growth (%) (constant prices=1993)	7.96	10.79	8.62	2.60	(27.47)	4.26	2.03	4.82	5.51
- as proportion to GDP (%)	67.80	69.41	69.92	68.52	57.26	78.84	76.67	77.69	79.09
Export growth (%) (constant price=1993)	8.77	13.39	9.68	7.80	11.18	(31.80)	26.48	1.88	2.11
- as proportion of GDP (%)	26.02	26.31	25.82	27.86	52.97	35.51	42.35	41.08	27.40
Current balance (million US$)	(2,960.00)	(6,760.00)	(7,801.00)	(5,001.00)	4,097.00	5,781.00	7,992.00	6,900.00	7,452.00
- as proportion of GDP (%)	1.70	3.43	3.49	3.70	3.44	3.70	5.30	3.79	4.29
Gross Domestic Fixed Capital Formation (million US$)	47,900.27	55,986.79	66,157.24	38,212.10	30,285.80	33,848.20	28,000.98	29,794.79	10,371.91
- as proportion of GDP (%)	27.57	28.43	29.60	28.31	25.43	21.65	20.96	20.85	22.51
*Consumer Price Index ***	157.40	172.30	185.90	198.30	198.47	202.45	221.37	249.15	274.13
Inflation Rate (%) (1996=100)	9.24	8.64	6.47	11.05	77.55	2.01	9.35	12.55	10.03
Exchange rate (year average of US$/Rp)	2,200.00	2,308.00	2,383.00	4,650.00	8,025.00	7,100.00	9,530.00	10,435.00	9,261.17
Approved Foreign Direct Investment by Sector (million US$)									
Agriculture	729.80	1,384.20	1,521.60	463.70	998.20	491.20	444.10	389.70	458.90
Mining and quarrying	-	-	1,696.80	1.60	0.30	14.10	2.40	118.70	49.20
Manufacturing	18,738.80	26,892.10	16,075.00	23,017.30	8,388.20	6,929.20	10,707.40	5,131.40	3,208.20
Electricity, gas and water supply	2,397.80	3,549.30	3,808.50	1,839.90	1,795.40	2,310.00	0.40	37.30	-
Construction	76.50	205.80	296.80	306.80	197.80	153.40	225.20	47.60	287.70
Trade, restaurants and hotels	343.60	1,029.30	1,761.70	472.00	672.90	507.70	1,671.60	1,231.20	254.60
Transport, storage and communication	145.10	5,539.50	694.60	5,900.00	79.00	102.70	1,218.70	378.20	3,713.20
Finance, insurance, estates and business service	1,027.80	1,192.00	3,000.20	1,397.60	1,270.90	179.40	301.60	177.40	7.40
Electrical, trading and other services	2,002.70	122.50	1,076.20	433.60	160.40	202.90	848.60	1,516.00	1,764.90
Total	23,724.30	39,914.70	29,931.40	33,832.50	13,563.10	10,790.60	15,420.00	9,027.50	9,744.10
Approved Domestic Investment by Sector (billion rupiahs)									
Agriculture	7,401.10	10,097.00	16,071.40	14,807.70	5,315.10	2,408.30	4,101.50	179.80	1,453.70
Mining and quarrying	112.40	205.10	460.10	126.30	116.30	174.00	36.40	1,198.20	786.70
Manufacturing	31,921.80	43,341.80	59,217.70	79,334.30	44,908.00	46,745.50	83,142.10	43,966.40	15,853.50
Electricity, gas and water supply	11.70	619.80	3,485.50	11,151.20	138.40	117.90	100.00	-	-
Construction	731.10	847.80	1,550.00	877.00	1,992.00	395.10	834.40	2,006.90	1,499.80
Trade, restaurants and hotels	4,341.90	3,944.90	5,151.20	2,632.80	1,231.80	1,670.90	420.40	2,551.80	683.20
Transport, storage and communication	3,119.80	3,965.90	3,065.00	4,649.40	3,260.50	225.30	1,992.80	1,488.50	3,117.70
Finance, insurance, estates and business service	3,803.80	5,337.10	9,425.70	4,300.50	1,547.50	995.50	225.60	4,540.90	255.10
Electrical, trading and other services	1,845.70	1,493.60	2,288.60	1,993.70	2,239.70	817.50	1,511.80	1,542.20	1,612.60
Total	53,289.30	69,853.00	100,715.20	119,872.90	60,749.30	53,550.00	92,365.00	57,474.70	25,262.30

Source: Central Bureau of Statistic, *Statistical Yearbook of Indonesia*, various years.

* Real GDP growth in rupiahs increases whereas Real GDP in US Dollars decreases, because of the depreciation of domestic currency relative to US Dollar.

** The year 1994-1997 based on 1990=100; the year 1998-2002 based on 1996=100.

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Figure 2. 2. Population and Labor

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Population (million)	192.22	194.76	198.32	201.35	204.39	206.52	206.30	212.70	215.87
Labor force (million)	81.45	86.36	90.11	91.32	92.73	94.85	95.65	98.81	100.78
Employment (million)	79.20	80.11	85.70	87.05	87.67	88.82	89.84	90.81	91.65
Unemployment (million)	2.25	6.25	4.41	4.28	5.06	6.03	5.81	5.33	9.13
Rate of Unemployment (%)	2.76	7.24	4.89	4.68	5.46	3.36	6.08	5.39	9.06
*Number of lay-off (1000)**	31.41	27.73	38.87	41.72	127.74	107.92	70.09	124.83	154.45
Employment by industry									
Agriculture (% of total)	50.60	43.98	44.02	41.18	44.96	43.21	45.28	43.88	44.34
Industry (% of total)	15.68	18.42	18.09	19.01	16.28	17.84	17.43	17.54	13.21
Services (% of total)	33.72	37.60	37.89	39.81	38.76	38.95	37.29	38.58	42.45

Source: Central Bureau of Statistic, *Statistical Yearbook of Indonesia*, various years
*The number of lay-off only covers the workers filing complaints to the Ministry of Manpower.

Figure 3.1. Number and Percentage of Female of Indonesian Workers Sent Abroad, 1994-2003*

Destination	1994		1995		1996		1997		1998		1999		2000		2001		2002		2003	
	Total	F (%)	Total	F (%)	Total	F (%)	Total	F (%)	Total	F (%)	Total	F (%)	Total	F (%)	Total	F (%)	Total	F (%)	Total	F (%)
I *ASIA PACIFIC*	64,806	56.07	68,436	57.47	95,070	68.98	375,317	42.31	196,344	70.63	267,768	61.06	304,186	58.95	217,555	74.25	238,324	58.90	46,988	40.92
Australia	251	-	345	1.74	97	-	39	-	55	-	72	-	-	-	-	-	-	-	-	
Brunei Darussalam	2,170	81.71	832	88.94	2,130	81.22	2,426	78.03	5,349	73.32	6,477	74.90	4,370	74.65	5,773	72.60	8,502	63.68	1,084	68.27
Hongkong	3,156	84.32	4,205	98.81	2,870	98.68	2,019	98.07	15,969	92.13	12,762	99.67	21,709	99.97	23,929	99.99	20,431	99.99	2,596	100.00
Japan	1,309	12.07	1,438	4.94	2,538	3.43	3,245	0.83	3,256	1.14	3,388	1.02	3,411	1.52	1,543	0.45	444	0.68	51	-
The Rep. of Korea	2,702	15.58	6,732	13.95	10,718	13.58	8,390	18.64	7,230	19.26	11,078	16.30	6,689	82.63	3,391	17.02	4,273	16.24	5,244	15.64
Malaysia	35,293	62.19	29,712	62.71	38,652	86.83	317,685	38.87	108,775	58.10	169,177	52.64	191,700	44.36	110,490	59.94	152,680	42.65	36,913	39.73
New Zealand	7	-	-	-	44	-	60	-	165	-	187	-	11	-	-	-	-	-	-	-
Philippines	-	-	-	-	-	-	-	-	14	-	49	-	1	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	267	-	315	0.32	36	-	-	-	-	-	-	-
Singapore	16,225	53.21	20,975	67.42	29,065	82.36	31,928	85.17	39,656	95.32	34,829	90.80	25,707	89.41	34,295	90.09	16,071	99.50	7	100.00
Taiwan	3,592	20.49	4,106	15.73	8,888	22.27	9,445	27.99	15,509	56.54	29,372	80.18	50,508	89.33	38,119	93.66	35,922	91.15	1,093	36.23
Thailand	23	-	9	11.11	23	-	44	2.27	51	0.49	41	-	12	8.33	6	-	1	-	-	-
Vietnam	-	-	-	-	-	-	-	-	7	-	-	-	6	-	-	-	-	-	-	-
Others	78	8.97	82	-	45	2.22	36	-	41	-	21	-	26	2.78	9	-	-	-	-	-
II *AMERICA*	4,293	0.40	3,483	0.34	1,761	-	736	-	2,191	0.08	3,519	0.43	1,509	0.07	228	1.32	40	17.50	114	21.05
USA	4,228	0.28	3,317	0.36	1,656	-	576	-	2,149	0.09	3,300	0.45	1,302	0.08	138	2.17	40	17.50	114	21.05
Canada	10	-	93	-	7	-	59	-	24	-	11	-	-	-	-	-	-	-	-	-
others	55	9.09	73	-	98	-	101	-	18	-	208	-	207	-	90	-	-	-	-	-
III *EUROPE*	1,673	0.42	1,166	1.20	768	3.65	596	0.17	1,114	1.07	1,696	3.43	359	21.71	29	52.94	68	48.53	6	83.33
Austria	-	-	-	-	1	-	-	-	-	-	-	-	-	-	6	33.33	-	-	-	-
Belgium	13	7.69	5	-	10	-	4	-	18	-	-	-	-	-	-	-	-	-	-	-
Cyprus	8	-	6	-	1	-	19	-	-	-	-	-	63	80.95	12	100.00	-	-	-	-
England	10	10.00	5	-	1	100.00	102	-	39	-	86	-	21	-	1	100.00	2	50.00	-	-
France	68	-	58	1.72	24	8.33	49	-	67	-	152	-	16	-	-	-	-	-	-	-
Germany	38	-	3	-	32	-	18	-	153	-	138	-	3	100.00	-	-	-	-	-	-
Greece	135	-	144	-	-	-	63	-	185	-	89	-	-	-	-	-	-	-	-	-
Italy	57	3.51	64	-	81	-	250	-	170	-	382	0.26	1	-	-	-	-	-	-	-
Monaco	267	-	132	0.76	73	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-
Netherlands	937	0.21	663	-	445	5.39	12	-	107	11.21	290	18.97	77	44.16	10	10.00	55	58.18	6	83.33
Norway	29	-	2	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Switzerland	2	-	1	-	1	100.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	109	0.92	83	-	99	-	74	1.35	375	0.21	559	0.19	178	0.44	-	-	11	-	-	-
IV *MID. EAST & AFR.*	106,581	91.45	47,518	88.43	122,563	93.92	126,328	93.07	167,574	92.24	154,636	89.94	129,165	91.28	121,180	91.51	241,961	92.24	67,253	90.70
Arab Emirates	2,626	93.41	3,912	97.26	7,054	95.25	9,062	99.12	15,061	97.95	17,584	97.80	9,558	98.09	11,027	95.57	7,779	95.73	1,283	94.54
Saudi Arabia	103,718	91.49	43,451	87.75	115,209	93.90	116,844	92.67	151,288	91.99	131,157	88.97	114,067	90.58	103,235	90.49	213,603	91.45	59,482	89.69
Others	237	51.05	155	54.19	300	71.00	422	74.41	1,225	53.62	5,895	88.18	5,540	94.08	6,918	97.02	20,579	99.11	6,488	99.15
TOTAL	177,353	75.46	120,603	67.47	220,162	82.09	502,977	54.94	367,526	78.87	427,619	70.81	435,219	68.30	338,992	80.36	480,393	92.06	114,361	70.18

Source: unpublished data from the Ministry of Manpower and Transmigration.
*Data for the year 2003 accounted up to the month of June.
**F (%) accounted from the percentage of female workers to total workers sent to each country.

Figure 3.2. Number of Working Permit Issued for Foreign Workers by Type of Occupation, 1994-2002

No.	Type of Occupation	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	Manager	8,254	13,624	12,663	8,762	7,080	9,338	5,520	8,875	4,777
2	Professional	11,053	11,874	11,163	12,969	12,929	8,275	7,455	12,105	4,915
3	Supervisor	8,293	8,254	8,281	5,409	3,502	2,102	1,007	699	367
4	Technicians/Operator	13,822	23,407	16,551	10,052	8,984	9,293	731	23	15
5	Others	-	-	-	-	1,455	-	150	2,617	13,776
	Total	**41,422**	**57,159**	**48,658**	**37,192**	**33,950**	**29,008**	**14,863**	**24,319**	**23,850**

Source: Unpublished data from the Ministry of Manpower and Transmigration.

Figure 3.3 Number of Foreign Workers in Indonesia by Country of Origin, 1994-2002

Country of Origin	1994	1995	1996	1997	1998	1999	2000	2001	2002
Australia and NZ	3,210	3,564	4,120	3,584	2,509	2,376	1,463	1,840	2,279
China	N/A	N/A	N/A	645	666	549	595	905	1,158
England	2,087	2,264	2,738	1,817	1,573	1,884	1,321	1,456	2,218
Japan	6,457	9,443	6,480	5,558	5,661	2,761	2,071	3,026	3,411
Philippines	2,386	2,721	1,897	1,877	1,189	919	629	781	946
South Korea	5,539	11,668	6,985	6,226	6,078	1,728	1,449	2,161	2,325
Taiwan	3,728	5,694	3,428	2,701	2,536	1,102	793	909	977
USA and Canada	4,142	4,491	6,043	3,203	2,948	3,712	2,120	2,673	3,127
Others	13,873	17,314	16,867	12,226	10,790	13,977	4,422	10,568	7,409
Total	**41,422**	**57,159**	**48,558**	**37,837**	**33,950**	**29,008**	**14,863**	**24,319**	**23,850**

Source: Unpublished data from the Ministry of Manpower and Transmigration.

Figure 3.4. Number Working Permit Issued for Foreign Workers by Sector, 1995-2002

	Sector	1995	1996	1997	1998	1999	2000	2001	2002
1	Agriculture	1,693	4,243	1,431	1,144	871	680	878	806
2	Mining & quarrying	6,358	6,946	2,997	3,313	2,020	1,765	2,984	4,119
3	Manufacturing	36,429	22,299	19,574	16,378	18,758	4,374	3,895	5,161
4	Electricity, gas, and water supply	948	930	332	334	95	56	96	69
5	Construction	2,196	311	3,086	2,696	1,149	1,205	1,701	1,902
6	Trade	5,015	525	4,049	3,383	3,260	3,444	4,819	4,940
7	Transportation	792	971	590	485	455	494	703	927
8	Finance and Insurance	771	882	1,045	862	694	548	789	955
9	Other Services	2,485	4,027	4,088	2,525	1,706	2,297	4,124	4,971
	Total	**56,687**	**41,134**	**37,192**	**31,120**	**29,008**	**14,863**	**19,989**	**23,850**

Source: Unpublished data from the Ministry of Manpower and Transmigration.

Figure 3.5. Number of Foreigners Arriving in and Departing from Indonesia by Visa Types, 1994-2002

Visa Types		1994	1995	1996	1997	1998	1999	2000	2001	2002
Short Visit	*Arriving*	3,333,917	3,760,548	4,628,000	3,841,516	3,617,661	3,925,862	2,812,115	3,742,057	2,801,373
	Departing	3,471,782	3,703,146	4,436,342	2,468,577	3,277,658	3,581,068	2,263,330	3,548,285	4,132,731
Temporary Resident	*Arriving*	197,600	225,821	287,483	264,896	295,799	222,471	128,096	129,521	419,101
	Departing	199,389	239,608	225,856	344,174	276,394	220,309	118,264	237,308	136,333
Permanent Resident	*Arriving*	84,060	55,720	85,689	31,487	179,854	79,618	122,139	65,585	31,856
	Departing	72,086	41,163	85,222	37,655	171,320	91,825	113,134	98,701	7,671

Source: Unpublished data from Directorate of Immigration

Figure 3.6. Number of Indonesian Exiting from and Returning to The Country, 1995-2002

	1995	1996	1997	1998	1999	2000	2001	2002
Returning	*1,782,330*	*1,900,471*	*2,747,996*	*2,018,715*	*1,390,525*	*2,023,639*	*2,556,753*	*1,691,969*
Exiting	*1,943,164*	*1,959,186*	*2,047,996*	*1,894,796*	*1,509,159*	*2,102,896*	*2,505,098*	*2,369,447*

Source: Unpublished data from Directorate of Immigration

Figure 3.7. Remittances sent by Indonesian Workers Abroad, 1994-2003 (Thousand US$)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*
ASIA PACIFIC	1,881.6	243,328.4	591,656.0	821,462.4	743,791.9	737,056.8	883,847.7	1,782,354.0	1,794,412.3	7,719.0
Australia	-	2,064.9	1,618.5	1,524.8	672.7	607.9	395.2	-	-	-
Brunei Darussalam	-	4,055.8	2,928.1	14,185.4	30,641.8	31,935.0	17,740.8	11,704.1	9,124.2	189.5
Hongkong	-	22,839.8	19,055.4	22,229.1	82,260.4	94,525.9	157,413.5	84,246.2	71,930.9	759.9
Japan	178.9	15,411.8	12,508.9	45,703.3	29,407.7	31,756.2	34,264.0	13,097.6	3,768.9	36.1
The Rep. of Korea	-	6,477.8	26,934.5	56,209.8	45,093.5	44,507.4	51,229.9	8,836.2	11,182.5	1,077.7
Malaysia	401.2	68,221.8	170,271.9	514,262.7	334,332.0	298,719.8	325,162.9	10,746.3	146,254.8	2,528.0
Philippines	-	44.9	47.5	38.3	30.5	143.5	263.2	-	-	-
People Rep of China	-	275.2	212.3	359.0	905.0	2,202.7	1,878.9	-	-	-
Singapore	1,301.6	86,971.9	70,326.1	111,124.3	162,134.6	133,346.3	85,695.2	48,963.6	25,451.1	261.5
Taiwan	-	20,233.7	287,570.7	54,889.7	56,894.3	97,073.8	208,175.1	1,604,750.8	1,526,699.0	2,866.4
Thailand	-	158.5	88.3	355.0	273.2	372.3	257.8	0.9	0.9	0.1
Vietnam	-	-	-	53.6	31.8	20.8	41.9	-	-	-
Others	-	16,572.3	93.7	527.4	1,114.3	1,845.0	1,329.4	8.3	-	-
AMERICA	961.0	30,558.8	18,335.8	19,341.6	13,524.1	21,776.4	22,722.0	1,532.2	221.8	18.5
USA	961.0	30,031.1	17,545.8	17,882.7	12,360.3	20,508.2	21,174.1	927.4	221.8	18.5
others	-	527.6	790.0	1,458.9	1,163.8	1,268.2	1,547.9	604.8	-	-
EUROPE	-	12,133.8	6,186.0	8,013.7	6,866.6	10,431.4	9,791.1	461.8	721.9	9.5
MID. EAST & AFR.	369,741.5	267,920.0	228,062.0	411,681.1	486,971.1	524,471.9	395,179.4	189,471.2	384,428.7	6,669.0
Arab Emirates	16,832.2	9,514.2	6,968.4	14,778.1	13,691.7	22,406.6	18,230.6	14,484.4	10,188.6	124.9
Saudi Arabia	349,011.7	244,526.9	220,448.6	395,182.7	471,002.0	492,368.5	356,754.4	162,693.7	336,385.6	5,757.8
Others	3,897.6	13,878.9	645.0	1,720.3	2,277.4	9,696.8	20,194.4	12,293.1	37,854.5	786.4
Total	372,584.1	553,940.9	844,239.8	1,260,498.9	1,251,153.7	1,293,736.5	1,311,540.3	1,973,819.2	2,179,784.6	14,416.1

Source: Unpublished data from the Ministry of Manpower and Transmigration.

*The amount of remittances in the year 2003 accounted up to just the month of May 2003

Country Report

Japan

by

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International Migration and Labor Market in Japan
-Growing intra-regional trade, investment and migration-

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Summary

1) The East Asian economies continue to expand, despite several shocks as the Iraq War and SARS, driven by intra-regional trade and investment. This development has been reinforced by strong growth of Chinese economy in the second half of the 2003.

2) The Japanese economy has recorded positive growth since the second half of 2002. The expectation for its recovery led to improvement of stock prices, which contributed to stabilization of financial sector. Outward direct investment to Asia, especially to China, continues to grow. Expansion of export to China and the other Asian economies as well as domestic capital formation especially in electronics industry has offset negative deflationary pressures. The deflation has not yet been overcome, as consumer price index has been declining for more than five years.

3) The labor market situation in Japan remain behind the recovery in its economy. The unemployment rate is still over 5 % and the number off unemployed amounts to around 3.5 million. However, employment adjustment in enterprises peaked already in the first half of 2003. Although real wages are still declining, there are signs of recovery such as increase in bonus payment in summer 2003.

4) International migration and migration policy n Japan have been characterized by some elements as ①the inflow of foreign nationals is increasing since 2002 after the drop in 2001 irrespective of some risks after the Iraq War and SARS, ②the number of foreign workers in Japan and those who acquired permanent resident status are increasing, ③the crimes of foreigners are growing, where more than half of them had been overstaying, ④problems of education and unemployment for foreign youths are becoming more serious, ⑤the number of students accepted by Japan reached its target of 100 thousand in 2003, ⑥the Japan Employers Federation published its intermediate report on foreign workers' policy and it stimulates further discussions, ⑦the consultation on movement of natural persons within the future framework of "Economic Partnership Agreement" especially with Thailand and the Philippines has stated.

JILPT Asian Workshop 2004

Content

1 Introduction

The purpose of this paper is to monitor recent development of labor market and international migration in Japan under the context of regional economic integration driven by foreign direct investment and international trade.

In addition, establishing schemes for institutional regional integration has become one of the most important policy topics in East Asian region.

In achieving this goal, several topics related to international migration in Japan should also be discussed. Therefore, problems of education and employment of foreign youths, crimes of foreigners their geographical concentration, growing number of students and its impact on policies and new report presented by Japan Employers' Federation on migration policies and its impact should be discussed.

I hope that this paper would be a basis of intra-regional discussion on formulating migration policy for the future and to realize fruitful international cooperation.

2 Development of the economy and the labor market

(1) Economic Development in East Asia

The East Asian economies continue to expand, despite several shocks as the Iraq War and SARS, driven by intra-regional trade. This development has been reinforced by the strong growth of Chinese economy in the second half of the 2003.

Economic development of the East Asian economies has been accelerated in the second half of 2003 and it is forecasted that this positive development will continue in 2004. The negative economic impacts of the Iraq War and SARS on East Asian economies foreseen by several international organizations have proved to be overestimation. In particular, Chinese production restored quickly after overcoming SARS and growing trade between China and the other East Asian countries gives more positive effects.

Nevertheless, deflation pressures from China on Hong Kong China and Taipei China still seem to remain.

Among ASEAN countries, the diversities of economic growth are reflecting differences in expansion of exports and in acceptance of foreign direct investment. Vietnam and Thailand record higher GDP growth than the other ASEAN countries.

It should be pointed out that Singapore and Thailand are particularly active in negotiation on establishing bilateral free trade agreements (FTA).

The FTA of Singapore with New Zealand, Japan, Australia EFTA, Australia and USA have already taken effect. It also started negotiation with India, Canada and Mexico. Thailand started negotiation with Australia and Japan. In addition, Malaysia also showed positive attitude towards negotiation on bilateral FTA.

Table1 Real GDP growth in East Asia

	1998	1999	2000	2001	2002	2003(estd)	2004(proj)
Japan	-1.1	0.7	2.6	-0.3	0.3	2.0	1.4
Korea	-6.7	10.9	9.3	3.1	6.3	2.5	4.7
China	7.1	7.8	8.0	7.3	7.4	7.5	7.5
Hong Kong, China	-5.0	3.4	10.2	0.6	2.3	1.5	2.8
Chinese Taipei	4.6	5.4	5.9	-2.2	3.5	2.7	3.8
Singapore	-0.9	6.4	9.4	-2.4	2.2	0.5	4.2
Malaysia	-7.4	6.1	8.3	0.4	4.2	4.2	5.3
Thailand	-10.5	4.4	4.6	1.9	5.2	5.0	5.1
Indonesia	-13.1	0.8	4.9	3.4	3.7	3.5	4.0
The Philippines	5.8	3.4	6.0	3.0	4.4	4.0	4.0
Vietnam	5.8	4.8	6.8	6.9	7.0	6.0	7.0

Source: Asian Development Bank (2003) Estimates/projections: IMF (September 2003)

(2) Recent economic situation in Japan

The Japanese economy has recorded positive growth since the second half of 2002. The expectation for its recovery led to improvement of stock prices, which contributed to stabilization of financial sector. Export expansion with China and the other Asian economies as well as domestic capital formation especially in electronics industry has offset negative deflationary pressures. The deflation has not yet been overcome, as consumer price index has been declining for more than five years.

Because of deflation, the Japanese economy has been shrinking in absolute terms since the second quarter of 2001 with the exception of the second quarter of 2003, while it has recorded positive growth in real terms since the third quarter of 2002.

Such recovery under deflation has been supported by growing exports to Asia especially to China and that to Europe because of evaluation of Euro. The surplus of current account has reached 4.0% of GDP.

In addition, the trend of declining domestic capital formation has come to an end at the first quarter of 2003. Since then, the expansion of investment in electronic sector for production of digital appliances for household and recovery of renewal investment has contributed to the active activity for domestic capital formation. .

Outward foreign direct investment seemed to have declined in 2002.

However, it reflected large amount of outward investment in telecommunication in the previous year. The level of outward investment continue to be very high in 2002 and 2003. The outward investment to China grew by 20.8%, while that to ASEAN declined by 25.3%, while the outward investment to NIES is still bigger than that to China.

Inward direct investment has grown significantly in 2003, because inward investment from Switzerland and France increased and because the assets of foreign firms have been reevaluated at the occasion of their organizational integration.

Table 2 Main economic indicators in Japan

	1998	1999	2000	2001	2002	2003
Real GDP growth In % (1Q/2Q/3Q)	△1.1	0.7	2.8	0.4	△0.4	2.8/2.3/ 2.9
GDP actual figure In billion Yen	515,835	511,837	513,534	505,847	498,102	119,620 124,289 121,742
Exchange rate of Yen to US $	130.90	113.91	107.77	121.53	125.31	118.83 118.44 115.57
Current Account 100million Yen	155,278	130,522	128,755	106,523	142,397	35,390 37,751 45,769
In GDP (%)	3.2	2.3	2.5	2.1	2.9	3.0/3.0/4.0
Inward FDI (FY) In million US$	3,193	12,741	8,322	6,202	9,245	
Outward FDI (FY) In million US$	24,153	22,743	31,558	38,088	32,301	
CPI	0.6	△0.3	△0.7	△0.7	△0.9	△0.2△0.3 △0.2
WPI	△1.5	△1.5	0.0	△2.3	△2.0	△0.6△0.9 △0.6
Money Supply (%)	4.0	3.6	2.1	2.8	3.3	1.9/1.6/1.3

Source: Cabinet Office, Bank of Japan

(3) Labor market situation in Japan

The labor market situation in Japan remain behind the recovery in economy. The unemployment rate is still over 5 % and the number of unemployed amounts to over 3.0 million. However, employment adjustment in enterprises has peaked already in the first half of 2002. Although real wages are still declining, there are signs of recovery such as increase in bonus payment in summer 2003.

Labor market situation in Japan shows signs of improvement. Employment adjustment in enterprises has been reduced and total employment has been recovering gradually since the second quarter of 2003. However, regular employment is still shrinking, while irregular employment is expanding.

Unemployment remain still 5% and the number of unemployment reached around 3.5 million. The youth unemployment rate between 15 and 24 years old amounts to around 10 % and the number of involuntary unemployed is still high. .

The mismatch unemployment in the first quarter of 2003 amounted to 4.14% while cyclical unemployment 1.24% (MHLW 2003, Reference 21). As the background, growing number of long-term unemployed (supply side) and declining share of full-time regular employment in total vacancy (demand side) should be pointed out.

Table 3 Main labor market indicators in Japan

	1998	1999	2000	2001	2002	2003
Population 15 years old and over 10thousand	10,728	10,783	10,836	10,886	10,927	10,942/ 10,960/ 10,970
Labor Force (10 thousand)	6,793	6,779	6,766	6752	6,689	6,584/6,7 32/6,703
Employment (10 thousand)	6,514	6,462	6,446	6412	6,330	6,221/6,3 59/6,362
Employees (10 Thousand)	5,368	5,331	5,356	5,369	5,331	5,282/5,3 45/5,352
Foreign Workers (10 thousand)	67	67	71	74	76	
Foreign Workers% in employees	1.2	1.3	1.3	1.4	1.4	-
Employment Adjustment (D.I.)	25/28/ 30/32	34/31/ 28/26	25/23/ 20/21	23/26/ 25/29	31/27/ 25/23	22/22/ 19
Unemployed (10 thousand)	279	317	320	340	359	363/373/ 340
Unemp. ratio (%)	4.1	4.7	4.7	5.0	5.4	5.5/5.5/5. 1
Invol.Unemployed (10 thousand.)	85	102	102	106	151	153/146/ 149
Wages (%)	△1.3	△1.3	0.5	△1.1	△2.4	△ 0.7/1.1/ △1.2
Real Wages (%)	△2.0	△0.9	1.4	△0.4	△1.3	△0.4/1.3/ △0.8

Source: Ministry of General Coordination, Ministry of Health, Labour and Welfare

Real wages has been continuously declining, although special allowances (bonus payment) increased since June 2003 reflecting improvement of economic activities.

3 Trends and prospects of international migration in Japan

(1) Movement of foreign nationals

A) Inflow and outflow of foreign nationals to Japan

The inflow of foreigners has been increasing after the drop in 2001, although uncertainties still remained because of the outbreak of the Iraq War in March 2003.

The number of foreign nationals who entered Japan in 2002 excluding those who entered Japan with re-entry permit amounted to 4,646,240 which means an increase of 416,983 persons (+9.9%) in comparison with 2001 (4,229,257 persons).

At the same time, the number of foreign nationals who left Japan in 2002 excluding those who have re-entry permits was 4,514,936 persons (+442,495 persons, +10.9% in comparison with the previous year) .

According to region / country of origin, 2,831,868 or 60.9 percent of new entrants came from Asia. The largest share was occupied by Republic of Korea (1,121,672 persons, +11.6% in comparison with 2001) followed by Taiwan (China)(848,283, +9.1%), US (667,296, +6.1%), Mainland China (272,894, +21.1%) ,United Kingdom (194,190, +12.0%), Hong Kong China (133,486, +85.3%), Philippines (120,812, +4.8%), Canada (117,360, +4.7%) and Germany (85,439 +7.4%), , Singapore (74,289 + 10.7%), France (74,041, +4.6%) and Thailand (65,718 +13.8%) .

The number of new entrants from Asia grew significantly (2,831,868 +13.2%) followed by North America (814,151 +7.5%) and Europe(750,207 +2.9%). (Table 4)

Table 4 Immigration of foreigners by country or area(excluding re-entry)

	1998	1999	2000	2001	2002
Korea	640,968	835,297	951,884	1,005,451	1,121,672
Taipei China	814,956	901,874	882,394	777,673	848,283
USA	605,719	634,216	661,564	628,731	667,296
China	152,046	156,507	190,380	225,357	272,894
U.K	162,132	161,392	169,053	173,396	194,190
Hong Kong, China	50,677	39,613	46,797	72,024	133,486
Philippines	75,161	84,767	104,324	115,318	120,812
Canada	95,105	94,739	106,501	112,069	117,360
Germany	78,906	79,565	80,082	79,516	85,439
Singapore	57,227	65,554	71,653	67,111	74,289
France	58,271	60,411	68,564	70,813	74,041
Thailand	40,174	48,384	56,011	57,761	65,718
Malaysia	37,085	47,917	57,501	54,165	59,269
Brazil	40,972	38,275	58,577	39,533	33,296
Others	758,414	711,110	751,118	750,339	778,195
Total	3,667,813	3,959,621	4,256,403	4,229,257	4,646,240

Source: Ministry of Justice

The increase in the numbers of foreigners entering Japan can be observed in the status of residences "Temporary Visitor" “Entertainer", "College student" and "Pre-college-student" while "Spouse/Child of Japanese national" decreased in 2002.

According to the status of residence, “Temporary Visitors” occupy 92.6% (4,302.429, +424,359, +10.9% in comparison with 2001), which reflected remarkable increase of tourists especially for "World Cup Korea-Japan" from May to July 2002.

Among new entrants as tourist visa holder (2,365,982 persons), Taipei China occupy 735,526 (31.0%), 577,946 (24.4%) by Korea and 254,567 (10.8%) by USA.

New entrants with working status (excluding the status of residence of "Diplomat", "Official" and status prescribed in the Annexed Table II) amounted to 145,097 persons (+3,143 persons; +2.2%). The increase was mainly attributable to “Entertainer”(123,322 persons; +5,483, +4.7%).

The number of new entrants as "College student" and "Pre-college student" continuously increased, while that of "trainees" showed a slight decrease

In contrast, the inflow of "Spouse /Child of Japanese national" and "Long-term stayers" showed continuous decrease (Table5)

The other way of getting legal status in Japan is refugee recognition. While the number of application for refugees status was 250 in 2002, the number of approved refugees was 14. Out of those who were not approved, 40 persons were granted special admission to stay on humanitarian reasons.

In comparison with 1998, the number of applicants increased by 117 persons and that of approved decreased by 2 persons. The number of those who got special permission decreased by 2 persons (Ministry of Justice 2003b pp70~71).

Table 5 Inflow of foreigners by status of residence

Status of Residence		1998	1999	2000	2001	2002
Diplomat		8,313	8,305	9,408	8,692	9,339
Official		8,164	9,824	11,767	12,220	14,060
*	Professor	1,429	1,513	1,941	2,024	1,966
	Artist	136	159	167	211	220
	Religious Activity	1,231	1,229	1,199	1,105	946
	Journalist	145	180	231	166	351
	Investor/ Manager	1,212	974	863	681	566
	Legal/accountant service	7	4	3	5	1
	Medical Service	2	4	1	0	4
	Researcher	1,229	1,147	1,036	793	782
	Instructor	3,318	3,203	3,323	3,296	3,337
	Engineer	5,699	3,670	3,396	3.308	2,759
	Specialist in Humanities	7,150	6,510	7,039	6.945	6,151
	Intra-corporate transferee	3,531	3,765	3,876	3,463	2,900
	Entertainer	73,778	82,305	103,264	117,839	123,322
	Skilled Labor	3,024	3,375	3,529	2,118	1,792
	Subtotal	101,891	108,038	129,868	141,954	145,097
Cultural activities		3,733	3,693	3,210	3,138	3,084
Temporary visitor		3,402,358	3,677,732	3,910,624	3,878,070	4,302,429
College student		13,478	14,446	19,503	23,416	24,730
Pre-college student		14,540	19,426	22,404	23,932	25,948
Trainee		49,797	47,985	54,049	59,064	58,534
Dependent		16,134	16,695	17,617	16,364	13,888
Designated activities		2,979	2,934	4,364	4,772	4,890
Spouse/Child of Japanese		24,572	26,737	33,167	27,461	20,857
Spouse/Child of Perm resident		352	341	389	494	473
Long-term resident		21,501	23,465	40,033	29,729	22,905
Total		3,667,813	3,959,621	4,256,403	4,229,257	4,646,240

Source: Ministry of Justice

B) Foreign population in Japan

The number of registered foreign nationals (or those who stay more than 90 days) has been continuously growing for the past 34 years and reached 1.85 million (1.5% of total population) in 2002. Especially noteworthy is the growing number of foreigners with permanent resident status as well as those with status of residence for working.

In 2002 the number of registered nationals amounted to 1,851,758 persons, which is by 4.1 % more than in 2001 (+73,296 persons). The share of registered foreign nationals in the total population is the highest record (1.45% of the estimated total population 127,435,350 on 1st of October 2002).

The registered foreign nationals according to nationality are occupied by Korea (625,422 persons), followed by China (including Taiwan, 424,282), Brazil (268,332), the Philippines (169,359) etc.

According to regions, 1,371,171 persons or 74.0 percent of the total foreign nationals are from Asia and 334,602 persons or18.1 percent from South America.

According to status of residence, permanent resident (including special permanent resident stipulated in the Special Law for those nationals who lost the Japanese nationality and their descendents by the San Francisco Peace Treaty in 1952) stands for 713,775 (+28,922 persons, +4.2%,). The number of special permanent residents is still in the declining tendency, while the other permanent residents increases.

Anyway, it should be stressed that the growing number of foreigners with permanent resident status reflects 1) growing number of foreigners who are residing in Japan for longer duration since middle of 1990s and 2) deregulation in Immigration and Refugee Recognition Act for foreign residents to get permanent resident status.

Those who hold status of residence for working amounted to 179,639 (+10,856 persons or +6.4%). Except foreigners with "Religious activities", all foreigners with the status of residence for working increased in 2002. The foreigners especially increased are those with "Humanities and International service"(+3,635), "Entertainer"(+2,898), "Engineer"(+1,278) and "Intra-corporate-transferee" (+1010).

Detailed explanation will be made in the section "Employment of Foreigners" below.

Table 6 Number of registered foreign nationals according to status of resident

Status of resident	1998	1999	2000	2001	2002
Status of resident with the objective of working ※	118,996	125,726	154,748	168,783	179,639
Cultural activities	3,756	3,803	3,397	2,954	2,812
Short term stay	59,815	59.633	68,045	69,741	72,399
College student	59,648	64,646	76,980	93,614	110,415
Pre-college student	30,691	34,541	37,781	41,766	47,198
Trainee	27,108	26,630	36,199	38,169	39,067
Dependent	65,675	68,679	72,878	78,847	83,075
Designated activities	19,634	24,053	30,496	38,990	47,706
Spouse/Child of Japanese	264,844	270,775	279,625	280,436	271,719
Spouse/Child of Perm resident	6,219	6,410	6,685	7,047	7,576
Long-term resident	211,275	215,347	237,607	244,460	243,451
Permanent residents	93,364	113,038	145,336	184,071	223,875
Special Permanent resident	533,396	522,677	512,269	500,782	489,900
Not yet granted	9,297	10,217	11,467	13,488	15,379
Temporary asylum	39	34	32	32	32
Others	8,359	9,904	12,899	15,282	17,515
Total	1,512,116	1,556,113	1,686,444	1,748,462	1,851,758

Table 7 Registered foreigners with the status of permanent resident

	1998	1999	2000	2001	2002
China	31,591	37,960	48,809	58,778	70,599
S/N Korea	26,425	28,766	31,955	34,624	37,121
Philippines	10,617	14,884	20,933	26,967	32,796
Brazil	2,644	4,592	9,062	20,277	31,203
Peru	3,209	4,756	7,496	11,059	13,975
USA	4,562	5,063	5,826	6,636	7,348
Vietnam	3,187	3,903	4,637	5,306	5,799
Thailand	908	1,313	2,015	2,833	3,913
UK	1,198	1,342	1,618	1,839	2,074
India	799	907	1,079	1,205	1,387
Others	8,224	9,552	11,906	14,547	17,660
Total	93,364	113,038	145,336	184,071	223,875

Source: Ministry of Justice

C) Illegal influx or landing, overstay and illegal working

(a) Trends in violation of Immigration Laws by foreigners

Although the estimated number of overstayers in total decreased from January 2001 to January 2003, the number of overstayers who come especially from Indonesia, and Sri Lanka is continuously increasing.

In Japan, the number of foreign nationals who overstay has been estimated twice a year, in principle, from 1992 except in 2000, when the estimates were published 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.

The most recent estimate of overstayers on 1. January 2003 amounts to 220,552, which showed decrease by 3,515 persons (-1.6%) in comparison with the previous year. The figure has been continuously decreasing from those on 1. May 1993 (298,646 overstayers).

By nationality, Koreans (49,874 -9.6%) occupy the most share, followed by the Philippines (30,100 +1.5%), China (29,676, +7.6%), Thailand (15,693 –7.3%), Malaysia (9,442, -6.5%), Taipei China (9,126, +2.4%), Peru (7,322 -5.4%), Indonesia (6,546, +2.3%), Sri Lanka (3,909, +4.8%) and Myanmar (3,890 –6.9%) etc.

Table 8 Estimated number of overstayers by country of origin

	Jan 1999	Jan. 2000	Jan. 2001	Jan 2002	Jan 2003	Change 2003/2002
Total	271,048	251,697	232,121	224,067	220,552	△1.6%
Korea	62,577	60,693	56,023	55,164	49,874	△9.6%
Philippines	40,420	36,379	31,666	29,649	30,100	1.5%
China	34,800	32,896	30,975	27,582	29,676	7.6%
Thailand	30,065	23,503	19,500	16,925	15,693	△7.3%
Malaysia	9,989	9,701	9,651	10,097	9,442	△6.5%
Taipei China	9,437	9,243	8,849	8,990	9,126	1.5%
Peru	10,320	9,158	8,502	7,744	7,322	△5.4%
Indonesia	4,930	4,947	5,315	6,393	6,546	2.4%
Sri Lanka	3,734	3,907	3,489	3,730	3,909	4.8%
Myanmar	5,487	4,986	4,473	4,177	3,890	△6.9%
Others	59,289	56,284	53,678	53,616	54,974	2.5%

Source: Ministry of Justice

By status of residence, "Temporary visitor" occupies the largest share (70.5%), followed by "Entertainer", "pre-college student", "Student" and "Trainees". The incidence of overstay is the highest in the case of “Pre-college student” (20.7% in comparison with the number of residents) or “Entertainer”(20.2%)followed by “trainee”(8.7%) and “College student”(4.9%) etc. (JITCO 2003 p21)

Table 9 Estimated number of Overstayers by status of residence

	Jan 1998	Jan. 1999	Jan. 2000	Jan 2001	Jan 2002	Jan 2003
Total	276,810	271,048	251,697	232,121	224,067	220,552
Temporary visitor	206,620	206,193	189,847	173,051	163,271	155,498
Entertainer	13,917	13,610	12,552	11,029	11,154	11,770
Pre-college student	15,083	12,931	11,359	10,025	9,953	9,779
Student	6,824	5,914	5,100	4,401	4,442	5,450
Trainee	3,099	3,115	3,055	3,004	3,264	3,409
Others	31,267	29,285	29,784	30,611	31,983	34,646

Source: Ministry of Justice

At the same time, the indictment of foreigners who had violated the Immigration Laws has been over forty thousand annually except in 2002. Among the foreigners who violated immigration laws and regulations, 33,508 (-10,682, -24.2%) were illegal workers.

Illegal influx was very high in number in 2001 (8,952. -, 2.5%). On the one hand, the illegal influx by airplane decreased (6,299, -7.7%), on the other hand, those by ship increased again (2,653, +12.5%).

As for the home countries of illegal workers, Korea (8,400, 25.9%), China (7,080, -12.9%), the Philippines (4,071, -45.1%), Thailand (2,800, -28.2%) are main source countries.

Table 10 Illegal influx, landing, overstay and working

	1998	1999	2000	2001	2002
Total	48,493	55,167	51,469	40,764	41,935
Illegal influx	7,472	9,337	9,186	8,952	8,388
Illegal landing	719	831	748	826	798
Undesignated Activities	310	335	473	594	850
Overstay	39,835	44,403	40,756	30,063	31,520
Violation of law	157	261	296	329	388
Illegal working	40,535	46,258	44,190	33,508	32,364

Source: Ministry of Justice

Table 11 Illegal influx to Japan

	1998	1999	2000	2001	2002
Total	7,472	9,337	9,186	8,952	8,388
By airplane	4,916	6,281	6,828	6,299	6,201
By ship	2,556	3,056	2,358	2,653	2,187

Source: Ministry of Justice

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 375 cases with 437 persons in 2001, which is an increase by 33 cases and 58 persons (NPA 2002).

Indictment of illegal intermediaries totalled to 15 persons. Foreign workers employed in establishment with violations related to employment totalled to 1,176 persons (+143 persons, +32.3 % in comparison with the previous year). The nationalities of such foreign employees are mainly Chinese (420 persons), Korean (285 persons), Thai (136 persons) and Filipinos (109 persons) etc. (NPA, 2002)

(b) Relationship between crimes and overstay of foreigners

Illegally staying foreigners including foreigners who landed illegally and those who are overstaying represent 51.9% of crimes committed by foreigners. This ratio is also high in cases of prostitution (48.2 %) and drug abuse (45.1.%) in 2002.

As for general crimes related to foreigners, total number of indicted foreigners with general crimes amounted to 34,746 cases (+6,983 cases in comparison with the previous year) and 16,212 persons (+1,552 persons) in 2002.

The number of foreigners who seem to have been cracked down by the authority are mainly Chinese (40.0%), Brazilian (7.3%) and Korean (10.7%) etc.

The number of foreigners who committed evil crimes (murder, raid, robber and arson) decreased (353 persons, namely -50 persons in comparison with 2001).

Concerning drug abuse related to foreigners, there were 841 (-38 persons). According to country of origin, Iran (237 persons), Brazil (164 persons) and the Philippines (104 persons) are main nationalities according to the National Police Agency (NPA 2003, pp20~21).

As for prostitution, there were 220 cases (-206 cases) and 168 persons (unchanged) who were indicted. According to country of origin, Columbia (50 persons), Thailand (44 persons), China (41 persons), Taipei China (17 persons), Korea (11 persons) are main nationalities, according to the National Police Agency (NPA 2003, p18~19).

The share of illegal stayers in the foreigners who committed crimes amounts to 51.9% in 2002.

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Table 12 Crimes of foreigners

	1998	1999	2000	2001	2002
Foreign Nationals committed crimes in total (A)	13,418	13,436	12,711	14,660	16,212
Illegal stayers (B)	8,224	7,837	6,828	7,435	8,417
(B)/(A)	61.3	58.3	53.7	50.7	51.9
Foreign National committed crimes of criminal law (C)	5,382	5,963	6,329	7,168	7,690
Illegal stayers (D)	1,302	1,529	1,603	1,379	1,403
(D)/(C)	22.3	25.6	25.3	18.5	18.2
Cases of foreigners committed crime in total (E)	21,689	25,135	22,947	18,199	24,258
Cases of foreign youths committed crimes of criminal law (F)	1,878	2,160	1,350	1,813	1,934
(F)/(E)	8.6	8.6	5.9	10.0	8.0

Source: National Police Agency

The geographical concentration of crimes in total and crimes by youth gives us more implications. The number of crimes in total concentrates on Chubu, Kanto and Tokyo, while the number of crimes by youth is more concentrated on Chubu than Kanto and Tokyo

This figure suggests that the high number of crimes by foreign nationals has different background in Chubu area, Kanto area or Tokyo. The measures taken by Tokyo Metropolitan government and the Conference of municipalities with high density of foreigners should be mentioned in the Chapter 5.

Table 13 Geographical distribution of crimes (Criminal Law) by foreign nationals

	Total	Hokk-aido	Toh o-ku	To-Kyo	Kan-To	Chubu	Kin-Ki	Chu goku	Shi-Koku	Kyu-Shu
Total	24,258	166	517	4,025	5,793	10,265	2,377	461	151	503
Youth	1,934	4	19	136	546	872	297	35	4	21

Source; National Police Agency (2003)

(c) Legalizing the status of illegal foreign residents

Overstayed foreigners, whose legal status was recognized with the "Special Permission of Stay" by the Minister of Justice in the course of deportation procedure from humanitarian reasons and so on, amounted to over five thousand persons for the past three years.

Many of them seem to have obtained the status of residence "Spouse or child of a Japanese national". The growing number of "Special Permission of Stay" by the Minister of Justice may have also contributed to reduction in the number of overstayers, while worsening of labor market situation is a main reason of such reduction.

Table 14 Number of special permission to stay by the Minister of Justice

Year	1998	1999	2000	2001	2002
Number	2,497	4,318	6,930	5,306	6,995
Korea	325	653	1,337	1,110	1,198
China	423	511	789	566	802
Others	1,749	3,154	4,804	3,640	4,955

Source: Ministry of Justice

(2) Employment of foreign workers

A) Basic framework of accepting foreign workers (Iguchi, 2001a, 2002a)

The framework of accepting foreign workers is stipulated in the Economic Plan and Employment Counter Measures Plan Concrete measures to accept foreigners are prescribed in Immigration Control and Refugees Recognition Act.

According to the basic principle of the Government of Japan, Japan will promote acceptance of those foreigners who possess technology and knowledge, while the acceptance of unskilled foreign workers should be carefully examined.

The plans prescribe basic policy accepting foreign workers, while the Immigration laws and regulations prescribe concrete criteria and measures.

The present plans are called as “Ideal Socio-economy and Policies for Economic Rebirth” and the “9th Employment Counter Measures Plan”. They were decided by the Cabinet in July /August 1999. These plans should be valid for about ten years.

The Immigration Control and Refugees Recognition Act classifies two categories of foreigners: the Annex Table 1 prescribes those statuses of residence of foreigners, whose activities are stipulated in the table. The Annex Table prescribes those status of residence, which are identified according to their relation with Japanese nationals.

Using the term of the author, the Act prescribes categories of foreigners who are permitted to enter Japan by way of the "Positive list". The Japanese Act does not have any "Labor market testing" or "Numerical quotas". This may be merit as well as demerit of the system of the Japanese immigration control (Iguchi 1997).

According to the author's interpretation, the Government's basic policy is applied only to the Annex table 1 of the Act. For example, the second and third generation of the ex-emigrants from Japan are not regulated by the basic principle. That is to say, as the Japanese-Brazilians who are Japanese descendants of the third generation are able to take the status of residence "Long-term stayer" 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 contradiction with the basic principle.

B) Present situation of foreign workers

According to the estimate by the Ministry of Health, Labour and Welfare, the total number of foreign workers (excluding those with permanent resident status) in Japan amounts to 760 thousand in 2002, which marked the highest record. Even where new entrants decreased with a certain status of residence, the number of residents with such a status of residence increased because of longer stay.

If you compare the Table 3 (new entrants: flow data) and Table 6 (residents: stock data), even when new entrants decreased, the number of residents of certain status of residence increased. This phenomenon can be observed in the statuses of residence "Investor and manager”, "Engineer", "Humanity and International Services" and "Skilled Labor" and so forth.

In addition, we should be careful that this estimate includes undocumented foreign workers while foreign workers with permanent resident status are excluded. When foreigners get permanent resident status, they will disappear from the estimated number of foreign workers.

First, those who have residence status for work purposes is in increasing tendency and they marked a highest record of 179.6 thousand in 2002.

The number of such workers has increased by 9.1%, mainly because foreigners with status of residence “Humanities and international services” (+3,635, +8.9%), “Entertainers” (+2,898, +5.2%), “Engineer” (+1,278, +6.6%) and, "Intra-corporate transferee" (+1,010, 10.2%). This is not always because of growing influx, but because of longer stay in Japan.

Actually, in every category of legal foreign workers except “Journalist”, “Medical services” and “Religious activities”, the number of foreign workers are increasing.

Second, the number of part-time working by college students and pre-college students contributed to the rapid increase of foreign workers. The number of working students reached around 83.3 thousand in 2002.

The number of college students and those who prepare for entrance exam for college has been increasing rapidly for the past three years mainly due to departure of Chinese youths who wish to study in Japan (Iguchi 2003).

As the majority of them would like to study on private basis, they should have to work and pay for the school fees and living cost. The number of permission for non-designated activities by foreign students and pre-college students is also growing remarkably. This has contributed to the rapid increase of part-time workers as foreign students. The responses of the Japanese Ministry of Education, Culture, Sports, Science and Technology should be described in Chapter 5.

Table 15 Numbers of foreign workers in Japan (Estimates)

*	Status of Residence	1998	1999	2000	2001	2002
	Professor	5,374	5,879	6,744	7,196	7,751
	Artist	309	351	363	381	397
	Religious Activity	4,910	4,962	4,976	4,948	4,858
	Journalist	373	361	349	348	351
	Investor/ Manager	5,112	5,440	5,694	5,906	5,956
	Legal/accountant Service	59	77	95	99	111
	Medical Service	111	114	95	95	114
	Researcher	2,762	2,896	2,934	3,141	3,369
	Instructor	7,941	8,079	8,375	9,068	9,715
	Engineer	15,242	15,668	16,531	19,439	20,717
	Specialist in Humanities	31,285	31,766	34,739	40,861	44,496
	Intra-corporate Transferee	6,599	7,377	8,657	9,913	10,923
	Entertainer	28,871	32,297	53,847	55,461	58,359
	Skilled Labour	10,048	10,459	11,349	11,927	12,522
	Subtotal	118,996	125,726	154,748	168,783	179,639
Designated activities		19,634	23,334	29,749	37,831	46,455
Part-time work of students		38,003	46,966	59,435	65,535	83,340
Worker of Japanese descendant		220,844	220,458	233,187	239,744	233,897
*	Overstayer	271,048	251,697	232,121	224,047	220,552
*	-	-	-	-	-	
Grand total		660,000 + α	670,000 + α	710.000 + α	740,000+ α	760,000 + α

Source: Ministry of Health, Labour and Welfare
Note: * stands for status of residence for the purpose of working.
** stands for illegal foreign workers. .

Third, the number of foreign workers with “designated activities” has been increasing, reflecting the number of Technical Intern Trainees in small and medium-sized enterprises as well as working holiday makers etc.

The status of residence "designated activities" is issued to several kinds of foreigners with different activities. The majority of them are technical intern trainees. The others are working holiday makers, foreign student in internship program and house maid employed by diplomats and foreign executives.

Trainees consist of several types. The first type of the trainees are those who are transferred from the company in foreign countries (for example, Japanese affiliated company) to the company in Japan (for example a Japanese parent company or headquarter of Japanese multinationals) to learn about technology and skills and then go back to the affiliated company in their home country. The maximum number of trainee is equivalent to 5 % of total regular employees in the establishment, which accept trainees. The second type of trainees are those who are sent from a company in a foreign country to an organization of small and medium sized companies in Japan and "On-the-job-training" should be implemented in small and medium sized companies which has membership of the organization.

The regulations on the second type was relaxed in August 1990 and the acceptance of trainees through this type has been facilitated in 1993, Technical Internship Training Program (TITP) was established.

Most of trainees in TITP are accepted as the second type of trainees and are allowed to change status of residence from "Trainee" to "Designated activities ". They are able to stay in principle two years and in some occupations three years.

Fourth, the number of foreign workers of Japanese descendant (Nikkeijin,) has slightly decreased and they amounted to 233.9 thousand in 2002 (-2.4%). However, the number of Nikkeijin with permanent resident status increased by more than 10,000 in the same year.

The Nikkeijin are the second and the third generation of the former emigrants from Japan, as well as their spouses, who are entitled to stay and work on an individual basis. They come not only from Latin America (mainly Brazil) but also from Asia (for example from China, the Philippines etc) and the other regions.

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 severe restructuring in production sites, which has been implemented in 1998 and 1999. However, it has been observed in several areas in Japan that the Nikkeijin tended to settle with their growing number of children born in Japan.

According to the Ministry of Health, Labour and Welfare, internal mobility of Nikkeijin rose, as they had lost jobs as the result of recession in 2001. Because they are concentrating in several cities in Japan, their problems are becoming more and more intensified in such cities for the lack of language education, health insurance and networking among public authorities (Conference of Municipalities 2002).

It should be noted that more and more Nikkeijin adopt permanent resident status, while they do not abandon the wish to return to their home countries.

The youths problem of Nikkeijin is becoming more serious, as some part of them do not go to schools and they do not want to learn Japanese language. Such youngsters have no prospects to be integrated into working life in Japan. Whether or not legal status for working should be given to the fourth generation of Nikkeijin is an open question.

C) Foreign workers according to the Reporting System

The Reporting System of Employment of Foreigners, established in 1993, gives us indicative information on recent development on employment of foreign workers.

Be careful that the figure does not stand for the total number, but the employment situation of foreign workers whose establishments have some connections with the Public Employment Service Offices. The growth of the number does not necessarily mean increase of foreign workers, but it reflects improvement in cooperation from the side of enterprises, as the submission of the report is not obligatory.

According to the results of reports in June 2003, the total number of foreign workers amounted to 274,145 (+20.2% in comparison of the previous year).

The number is divided into two kinds of workers in terms of employment contract. Those foreigners who are directly employed are 157,247 workers (+11.3%) and those who are employed by subcontracting or dispatching companies are 116,898 workers (+34.8%).

The foreign workers directly employed increased in sectors like, information and communication (+26.6%), manufacturing (+14.6%), services (+14.2%), and whole and retail trade (+12.3%), but decreased in construction (-13.9%) and finance and insurance (-12.5%) etc.

Foreign workers directly employed in manufacturing sector occupies 60.2% percent of total foreign workers.

In manufacturing sector, 25.8percent of the foreign workers directly employed are working in manufacturing of transport equipment, 18.3 percent in manufacturing of food and beverages, 10.8 percent in manufacturing of electrical machinery, transport equipment and their supplies.

According to the size of establishment, foreign workers directly employed increased in establishment with less than five persons (+41.0%), in establishment with 500~999 persons (29.6%), 5-29 persons (+16.4%), while they decreased in establishment with 1,000 or more (-3.4%).

According to sex, the share of male is 57.4.percent and female 42.6 percent. But, attention should be paid that service sector is underrepresented in this report and female foreign workers may be much less than real number.

Table 16. Employment of foreigners according to Reporting System

	1997	1998	1999	2000	2001	2002	2003
Total							
Establish-ment	17,859	19,204	19,483	19,794	20,74	21,450	23,142
Foreign workers	185,214	189,814	191,472	207,093	221,807	227,984	274,145
%	100	100	100	100	100	100	100
Direct employment							
Establish-ment	15,702	16,948	17,36	17,571	18,484	19,197	20,642
Foreign workers	113,961	114,753	115,038	120,484	130,440	141,285	157,247
%	61.5	60.5	60.1	58.2	58.8	62.0	57.4
Subcontracting, Dispatching contract							
Establish ment	3,529	3,729	3,677	3,854	3,935	3,972	4,655
Foreign workers	71,253	75,061	76,434	86,609	91,367	86,699	116,898
%	38.5	39.5	39.9	41.8	41.2	38.0	42.6

Source: Ministry of Health, Labour and Welfare
Note: Figure on June 1.

According to the regions of their country of origin, Latin America (38.9%) and North East Asia (36.0%) and South East Asia (13.2 %) are major sources.

Increase of foreign workers is noticeable especially from North East Asia (+15.8%), and South East Asia (+16.7%), while North America (-4.9%) and Europe (-6.1%) decreases (-5.0%)

Concerning status of residence, those who are able to work with a certain limitation of stay are 39,547 (18.%) and those who are able to work without limitation are 87,214 (52.9%). Students and pre-college students are 18,860 (12.0%) and Technical intern trainees 20,747, (21.2 %)

Among the foreign workers reported, students and pre-college students increase rapidly (+42.1%) as well as Technical, intern trainees (+28.2%).

According to occupation, manufacturing and production workers occupy 60.1percent (181,826), specialist, engineer and manager occupy 19.6 percent (27,622), salesman/cook /waiter or waitress/hostess 11.3 percent (15,897).

(3) Movement of Japanese nationals

A) Japanese nationals departed and residing overseas

In 2002, the number of Japanese who departed overseas reached 1.65 million persons, which means an increase by 1.9 percent from the previous year, as the result of the terrorist attack in the US on 11. September 2001.

The number of Japanese nationals departed was 16,522,804 (+1.9% or +307,147 persons) in 2002. However, the purposes of their visit cannot be grasped because the Immigration Bureau of the Ministry of Justice abolished embarkation card and disembarkation card for Japanese nationals from 2001.

The number of Japanese nationals who are residing in foreign countries have been increasing since 1987 and marked a new record of 874 thousand in October 2002. In Asia, among long-term residents, those who are dispatched to affiliated companies in such countries continue to grow in 2002, while the number of researchers, students and their families has also been increasing. In large cities, the number of long-term residents increased in 2002 except in Jakarta and Kuala Lumpur. .

The total number of Japanese nationals who are residing in foreign countries for three months or longer and who reported to Japanese embassies and consulates reached 873,641(+4.3%) in 2002, among which long-term residents were 587,936(+8.2%; share: 67.0%) and permanent residents were 285,703 (-2.6%: share 33.0%).

The development of long-term residents reflects principally the movement of intra-corporate transfer of Japanese businessmen and their families as well as students and researchers to respective regions.

In Asia, 187,952 Japanese nationals are residing, which is more than in the previous year by 8.1 percent. Among them, 180,362 Japanese nationals are long-term residents (+8.1%). In North-America, 352,358 (+1.4%)Japanese nationals are residing. Among them, 228,078 are long-term residents (+7.5%) In West Europe, 150,587(+7.1%) people are residing and 118,543 are long-term residents (+8.1%).

In large cities in Asia, Japanese nationals are living as long-term residents in 25,421 (23,938 in2001) in Hong Kong, 19,660(22,210) Singapore, 18,903 (17,031) in Bangkok, 15,694 (10,133) in Shanghai, 8,783 (8,423) in Taipei, 7,120 (5,294) in Beijing, 6,893(6,466) in Seoul, 6,856 (6,951) in Jakarta, 6,296 in Manila (6,790) 5,349(5,569) in Kuala Lumpur and 1,363 (1,358) in Ho Chi Min (MOFA 2003).

Table 17 Japanese nationals as long-term resident in main East Asian cities

Cities	1998	1999	2000	2001	2002
Hong Kong	24,032	22,872	22,399	23,938	25,421
Singapore	24,595	23,295	22,074	22,210	19,660
Bangkok	17,616	16,252	16,345	17,131	18,903
Shanghai	5,811	6,311	8,358	10,133	15,694
Taipei	7,295	7,581	8,297	8,423	8,783
Beijing	4,704	4,735	4,805	5,294	7,210
Seoul	5,260	5,476	5,866	6,466	6,893
Jakarta	9,031	7,274	7,734	6,951	6,856
Manila	5,163	6,174	4,758*	6,790	6,296
Kuala Lumpur	5,719	5,529	5,475	5,569	5,349
Ho Chi Min	1,238	1,355	1,373	1,358	1,363

Source: Ministry of Foreign Affairs

* In 2000, female long term residents in Manila decreased temporarily.

4 Foreign direct investment, employment and traineeship programs

(1) Changes in Japanese FDI in Asia

Although Japanese foreign direct investment (FDI) to Asia increased by 4.3%, which is 25.3% of the total FDI. The flow of Japanese FDI to China exceeded that to ASEAN, but not that to NIES.

In Fiscal 2002, FDI from Japan to Asia continue to expand especially to China FDI to China has exceeded that to ASEAN. However, FDI to NIES has been stronger than those to China In contrast, FDI from Japan to the developed countries declined (JETRO 2003, p25).

. FDI from Japan to Asia, Europe and North America has been characterized by strong investment in transport equipment. When we look at Asian countries in detail, NIES attracts companies of electronic devices and chemical products; ASEAN attracts those of automobile, steel and metal products, while China does especially those of textile and electric machines.

(2) Changes in employment in Japanese affiliated companies

The employment in the Japanese affiliated companies was growing in China, Taipei China and the most of South East Asian countries with the exceptions of Korea, Malaysia, Chinese Taipei and Singapore in 2002

In particular, the increase of employment was remarkable in China and Thailand as a large number of Japanese companies have relocated there.

In the other countries in Asia than China, the number of employees in Thailand, Indonesia and Vietnam are growing. In contrast to this, Japanese corporate transferees sent to Asian countries remains almost unchanged when we compare those in 1998 and 2002.

Table 18 Employees in Japanese affiliated companies

	Oct.1998	Oct.1999	Oct.2000	Oct. 2001	Oct. 2002
Asia Total	1,880,492 (26,648)	1,962,572 (26,560)	2,064,795 (25,461)	2,220483 (25,455)	2,224,931 (26,231)
Korea	79,963 (485)	79,365 (478)	79,974 (524)	77,181 (643)	72,437 (871)
China Mainland	466,979 (5,043)	530,705 (5,612)	566,728 (5,224)	639,100 (5,587)	683,914 (6,678)
Hong Kong China	139,010 (3,525)	136,526 (3,298)	144,259 (3,077)	109,648 (3,052)	111,344 (3,066)
Taipei China	121,550 (2,030)	115,435 (2,093)	107,912 (2,040)	111,925 (1,951)	102,756 (1,846)
Malaysia	219,254 (2,574)	212,630 (2,495)	226,431 (2,327)	258,280 (2,268)	229,776 (2,239)
Thailand	337,540 (4,917)	337,034 (4,682)	344,918 (4,451)	381,560 (4,380)	388,357 (4,322)
Indonesia	221,339 (2,284)	230,299 (2,251)	253,474 (2,335)	274,003 (2,191)	268,942 (2,105)
Singapore	79,450 (3,960)	76,634 (3,669)	78,315 (3,530)	83,246 (3,344)	77,508 (3,145)
Philippines	121,113 (1,188)	134,913 (1,261)	147,083 (1,235)	140,400 (1,315)	160,011 (1,231)
Vietnam	19,747 (323)	24,687 (329)	34,009 (348)	38,690 (339)	46,465 (359)

Source: *Toyokeizai Shinpo Sha*
Note: ( ) stands for Japanese employees dispatched from Japan.

The creation of employment and technology transfer through foreign direct investment still plays an important role in substituting labor importation from host countries. Therefore, it should be stressed again that foreign direct investment has much relevance to functioning of migration policies in East Asian region.

In the next sub-section, we examine functioning of foreign traineeship program which has many things to do with foreign direct investment.

(2)Movement of trainees and Technical Internship Training Program (TITP)

The number of foreign trainees reached 58,534 which is almost the same level as in the previous year. About 90% of the trainees come from Asia, especially from China and several ASEAN countries.

Among foreign trainees, about 12,400 of them are accepted by the semi-governmental organizations like JICA, AOTS, OVTA, OISKA and ILO Association. More than 40 thousand foreign trainees are accepted by private organizations, and most of which are supported by the JITCO (Japan International Train Cooperation Organization: Table 19). "Company alone" is estimated to be those companies in Japan which have affiliated companies in foreign countries.

Table 19 Foreign Trainees according to types of accepting institutions

Accepting Organizations	1998	1999	2000	2001	2002
Total	49,797	47,985	54,049	59,064	58,534
Government organizations	14,136	13,189	13,030	12,626	12,351
Private Institutions With Support from JITCO	26,075	25,631	31,898	37,423	39,724
Company alone	10,627	8,759	8,316	9,243	8,821
Association of SMEs	12,515	13,846	19,618	25,238	30,903
Not classified	2,933	3,016	3,959	2,942	—
Private Institutions with-Out support from JITCO	9,586	9,165	9,121	9,015	6,459

Source: JITCO (2003)

Table 20 Acceptance of foreign trainees

	1998	1999	2000	2001	2002	%
Total	49,797	47,985	54,049	59,064	58,534	100.0
Asia	44,460	42,456	49,142	53,967	53,690	91.7
Korea	553	696	592	435	344	0.6
China	22,372	22,041	27,839	32,894	34,754	59.4
Taipei China	499	299	335	204	328	0.6
Philippine	3,658	3,694	3,727	3,768	3,222	5.6
Thailand	4,625	2,998	2,974	3,184	2,739	4.7
Malaysia	1,645	1,358	1,285	1,163	947	1.6
Vietnam	2,136	2,108	2,757	3,238	3,034	5.2
Indonesia	5,972	5,926	6,231	5,817	4,925	8.4
India	637	697	649	479	464	0.8
Sri Lanka	392	476	479	456	449	0.8
Europe	980	902	854	1,021	1,090	1.9
Africa	1,587	1,764	1,573	1,603	1,416	2.4
North Am.	758	757	622	727	676	1.2
Latin Am	1,590	1,693	1,399	1,237	1,164	2.0
Oceania	372	346	374	427	399	0.7

Source: Ministry of Justice

Therefore, the movement of trainees to "Company alone" trainees are related to foreign direct investment from Japan to foreign countries especially in Asia and accept more than 8,000 trainees (if the trainees accepted without support from JITCO are those by "company alone"), the number of trainees through multinational corporations may reach 15 thousand trainees (Table .19)

Trainees by multinational corporations are very effective and not so problematic as those accepted by organizations of small and medium sized enterprises. The other private organizations are those which have no affiliates in foreign companies. Therefore, about a half (about 28,000 trainees) of the trainees seem to be accepted by organizations of small and medium sized companies in Japan.

It is necessary to examine in which sectors foreign trainees are accepted. This question is also related to the question why trainees are accepted especially in small and medium sized enterprises under the long-lasting recession.

Table 21 Trainees accepted by the support of JITCO according to sector (2002)

Sector	Foreign trainees		Composition among total	Comparison with the last year
Total	39,724	(37,423)	100.0	+ 6.1
Textile and garment	11,480	(10,444)	28.9	+ 9.9
Food and drink	5,829	(5,026)	14.7	+16.0
Transport machinery	3,118	(3,092)	7.8	+ 0.8
Electric and electronic	2,794	(3,016)	7.0	-7.4
Construction	2,132	(2,254)	5.4	-5.4
Metal	1,950	(2,065)	4.9	-5.6
Agriculture	2,387	(1,804)	6.0	+32.3
Plastic	1,119	(999)	2.8	+12.0
The other textile	874	(874)	2.2	-8.4
Fine machinery	1,010	(926)	2.5	+9.1
The others	7,031	(6,843)	17.7	+2.7

Source: JITCO Note: ( ) stands for the previous year.

In 2002, trainees in agriculture, food and drink etc. increased much faster than average in comparison with the previous year.

In agricultural sector, workforces getting older and it is becoming more and more difficult to assure younger manpower.

In textile industry, wage level is relatively low under severe price competition. In fact, the allowances for foreign trainees are low in textile industry.

In food and drink industry, working hours are some times late in the evening or early in the morning which make the employment in this sector unattractive for young workers, while price competition is becoming severer and improvement of wage level is also limited.

The relocation of industries, especially electric and electronic industry or transport machinery industry from Japan to China, may affect the numbers of foreign trainees in totally different ways: As direct investment to China increases, acceptance of trainees may increase so as to train them before establishing new factories in China.

However, as production shifts gradually from Japan to China and “reverse imports” increases, production and employment especially in small and medium-sized industries may be negatively affected.

From such standpoints, determinants of trainees’ inflow under the context of globalization has been analyzed by Shu Guan (2004).

Among foreign trainees, those who passed the official skill testing are able to change their status of residence from “Trainee” to “Designated activities” so as to develop their skills as “Technical Intern Trainee” under employment contract. JITCO is the organization, which is responsible for the management of the Technical Internship Training Program (TITP).

Those trainees who changed the status of residence “Trainee” to “Designated activities” are in increasing tendency. The majority of the trainees come from China, Indonesia, Vietnam and the Philippines.

There have been abuses of TITP and political scandals in relation to private organizations which conducted recruitment and acceptance of TITP. Therefore, JITCO has been taking measures to improve and normalize management of traineeship programs.

Table 22 Foreign trainees who have reportedly changed for technical intern trainees

Fiscal Year	1998	1999	2000	2001	2002
China	6,023	5,861	7,905	10,169	13,888
Indonesia	2,744	2,369	1,854	3,061	2,219
Vietnam	952	615	817	1,134	1,238
Philippines	179	201	316	616	568
Thailand	25	35	16	119	93
Others	20	0	76	118	47
Total	9,943	9,081	10,984 -	15,217	18,058

Source: JITCO

According to the author’s view, fundamental reforms of internship programs are indispensable, because of ambiguous distinction between work and training, lack of transparency in calculation of management cost, growing number of overstay by trainees (Iguchi 2001).

The issues related to foreign trainees and TITP should be discussed again in Chapter 5.

5 Topics on migration policies

The intention of this section is not to describe migration policy in a comprehensive manner, but to describe new, emerging topics, which have important things to do with migration policy in Japan.

Therefore, the following points should be discussed: 1) Consultation which started between Japan and Thailand/ the Philippines on movement of natural persons in the future framework of bilateral economic Partnership Agreement (EPA) , 2) Policy discussions on education and employment of foreign youths as the second generation of foreigners of Japanese descendant, 3) policy changes for accepting foreign students after having achieved the target of accepting 100 thousand foreign students, 4) Measures taken by authorities to indict illegal foreign residents and to reduce crimes by foreigners, 5) report published by the Japanese Employers Federation, which is stimulating discussion on changes in migration policy.

(1) Consultation with Thailand and Philippines on EPA

Japan started consultation with Thailand and the Philippines respectively in 2002 to prepare for negotiation on "Economic Partnership Agreement" which should take place in 2004.

The discussion on movement of natural persons who are necessary for providing services has been discussed in working groups, experts meetings respective countries.

Thailand requested Japan about acceptance of providers for medical service suppliers would be limited to those who had national qualifications of accepting country. Thailand expressed its interest in acceptance of service providers on a contract basis, while Japan stressed the risks for labor market and ask more attention to the problem of implementation.

The Philippines also requested acceptance of nurses, caregivers for the elderly. One question is how to enable people in Philippines to participate in schooling for nurses or caregivers under Japanese system. The differences of education system in both countries should be carefully examined.

In addition, meeting on movement of persons took place with the participation of experts from ASEAN +3 in May 2003.

(2) Education and employment of foreign youths

Under the economic recession, not only the foreign workers of Japanese descendants but also their children are faced with difficulties in their work and in their life.

In November 2003, the Conference on Cities with high Density of Foreign Citizens (consisting of 15 cities) hold a seminar on education and employment of foreign youths. The participating cities should take more initiatives to cope with the problems of foreign youths, who are not able to acquire enough knowledge and skills of Japanese language, as their parents do not decide whether they should return to their home country or live and work in Japan permanently. Many of the foreign youths have no vision on their own future occupation and they do not attend schools while their parents are working for dispatching or subcontracting undertakings until late. The growing crimes of the foreign youths especially in Chubu region are characterized by those by foreign youths.

It is expected that municipalities, schools, companies and NPOs should have to make more cooperation. The Government is now prepared to support vocational counseling for the foreign youths so as to give them more motivation and enable them to find adequate jobs.

(3) Policies for foreign students having accepted 10thousand students

In Fiscal 2003, the goal for the Government of Japan, which was decided by the Cabinet in 1983, to accept 100 thousand foreign students have been finally achieved.

According to the Ministry of Education, Culture, Sports, Science and Technology (MEXT), the number of foreign students reached 103,958 persons (+ 14.6% in comparison with the previous year) in May 2003. 93.2% of the students come from Asia, especially from China (64.7%) and Korea (14.5%). (MEXT 2003)

However, the rapid increase of foreign students give rise to several problems. Some local universities which are not able to assure enough number of Japanese students tried to invite many foreign students, although the quality of education cannot be guaranteed. The increasing number of scholarship provided by the Government, the Prefectures, universities and private foundations could not catch up the speed of growing foreign students. The consequence may be that some foreign students who should have to finance their own expenses must work longer than stipulated, although their weekly working hours should not be more than 28 hours in principle.

The MEXT try is now prepared to change their course from accepting more foreign students to respecting quality of foreign students. The Ministry of Justice also tightened the procedure to screen those students who are qualified to study in Japan.

In addition, sending Japanese student overseas would be more encouraged, while acceptance of foreign students has reached very rational league.

(4) Measures to reduce overstay and crimes of foreigners

As we saw in the previous chapters, high number of crimes by foreigners is attracting public attention together with growing number of crimes by Japanese.

Especially, the concentration of foreign crimes to certain prefectures and municipalities like Tokyo and Aichi, has evoked many kinds of discussion.

Mr. Shintaro ISHUHARA, Governor of Tokyo Metropolitan Government, declared last year to reduce illegal foreign residents by halves through the measure to strengthen Tokyo Metropolitan Police and through hiring more policemen.

Tokyo Immigration Bureau, launched the largest crack-down in the down town of Tokyo in September 2003, to crack down 1,643 foreigners illegally residing or working in Japan. The Immigration Bureau, Ministry of Justice will strengthen their cooperation with Tokyo Metropolitan Police and Tokyo Metropolitan Government to strengthen their power to crack down those foreigners who are violating immigration laws and regulations (Ministry of Justice 2004, p51).

(5) Report by the Japan Employers' Federation on migration policies

In November 2003, the Japan Employers' Federation (Chairperson Mr. Hiroshi OKUDA, President of Toyota), released its intermediate report on migration policies in Japan, based on their own studies, interviews with experts and internal discussions (Japan Employers' Federation 2003).

The report stressed the need to realize dynamism through "diversity" of human resources. According to the report, the Government should implement migration policy with more consistency, the role of the Government and enterprises should be clarified and employment contract and personnel management in enterprises should be reformed. It also touches upon entry and work by foreigners of Japanese descendant, strengthening of education for foreign youths, improvement of social security for foreigners and services provided by municipalities. In addition, the report proposes to facilitate acceptance of foreign workers with special knowledge and technology and to enlarge acceptance of foreign students and its possibility for employment after graduating universities in Japan. Lastly, it also discusses on improvement of foreign traineeship / Technical Internship Training Programs.

The Rengo, one of the largest national center of trade unions, also started internal discussions on migration policies in December 2003.

The Japan Employers' Federation will finalize the report by the end of March 2004. It is expected that there will be more intensive discussions taking place at the beginning of this year, although the Cabinet decision on the basic policy of the Government of Japan on the acceptance of foreign workers, stipulated in the economic plan and the basic employment measures plan, is still valid until 2010.

6 Conclusion

The Japanese economy has been recovering under the circumstance of regional economic integration driven by foreign direct investment and international trade. International migration is also an important element of regional economic integration.

At the same time, with growing number of foreign residents with longer duration of stay in Japan, it has become clearer that the domestic laws and regulations are not always adequate for the situation of foreign residents.

Therefore, it should be stressed now to seek for more consistency between domestic policies in Japan and economic partnership in East Asia, when we discuss migration policies for the future of this region.

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Country Report

Malaysia

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INTERNATIONAL MIGRATION AND LABOUR MARKET DEVELOPMENTS IN ASIA: ECONOMIC RECOVERY, THE LABOUR MARKET AND MIGRANT WORKERS IN MALAYSIA

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INTERNATIONAL MIGRATION AND LABOUR MARKET DEVELOPMENTS IN ASIA: ECONOMIC RECOVERY, THE LABOUR MARKET AND MIGRANT WORKERS IN MALAYSIA

INTRODUCTION

The Malaysian economy is poised to enter the post-industrial phase of development where the services sector will assume a more dynamic and larger role in the economy. The transition towards the post-industrial era parallels a shift from middle-income status to high-income status. The path towards this transition is riddled with difficulties, and sustaining growth following the 1997 Asian financial crisis has not been easy. The fairly successful crisis management in 1997/98 though ringgit pegging and selective capital controls, and debt restructuring and recapitalisation of the banking system has introduced some degree of resilience into the economy, but it continues to face several challenges.

The inflow of foreign direct investment (FDI) has slowed down, and is unlikely to reach pre-crisis levels following the emergence of China as an economic powerhouse. Large-scale inflow of FDI into greenfield manufacturing operations are a thing of the past. Foreign investments are now more concentrated in selected services industries and in existing manufacturing operations that are retooling to higher value added activities. Religious extremism, whilst under control, continues to cloud the investment climate, and the spread of SARS has dented the growth of the travel and tourism industries. Malaysia continues to encounter skill and labour shortages. These developments have prompted policy makers to re-engineer the economy by identifying new sources of growth and to create a more business friendly environment. The development of skills and economic abilities to innovate and to expand into new areas, and a policy of less reliance on low-skilled migrant workers are identified as key strategies to shift to a higher value added skill-intensive economy. Policy measures since 2002 have shifted from counter-cyclical measures to mitigate the short-term impact of the volatile external environment since 1997 to measures aimed at addressing more medium and longer-term economic rigidities that plague the economy.

The policy transition has also coincided with the change in administration in November 2003 under the leadership of Prime Minster Datuk Seri Abdullah Ahmad Badawi who has announced the following policy agenda:

- Combating corruption,
- Re-emphasising the rule of law, transparency and corporate governance,
- Reforming the police force,
- Ensuring prudent fiscal management,
- Implementing an efficient public delivery system,
- Improving the quality of education, and
- According greater priority on the development of agriculture and agro-based industries.

The above policy thrust has important implications for the labour market and international labour migration. The paper provides background information on the performance of the economy in 2002/2003, focusing on the domestic labour market. It then examines the recent trends, policy changes and the impact of migrant workers on the domestic economy.

ECONOMIC PERFORMANCE AND POLICY IN 2002/2003

After the sluggish growth of about 0.3 per cent in 2001, the economy rebounded to expand at 4.1 per cent in 2002 (Table 1). Despite the unfavourable geopolitical events in the first half of 2003, such as the SARS (Severe Acute Respiratory Syndrome), outbreak and the Iraq war, the Malaysian economy remained fairly unscathed due its diversified economic structure. The private sector has also responded positively to the counter-cyclical economic package of RM7.3 billion announced in May 2003. With sustained growth in the third quarter of 2003, the economy is envisaged to expand by about 4.5 per cent in 2003. The economic recovery has been broad-based, and if external demand gains momentum, the economy is expected to expand by between 5.5-6.0 per cent in 2004.

On the demand side, the strong fiscal push and easy monetary policy has driven domestic demand. Both private consumption and investment has picked up following the low interest rate regime, government support measures to boost private sector growth and the higher incomes following the bullish stock market and the rise in commodity prices. More importantly, the inflow of foreign direct investment, which has remained lackluster over the last few years, has shown some improvements.

On the supply side, with the exception of mining, all sectors of the economy have recorded reasonable growth. The travel and tourism industry, which was the hardest hit in the first half of 2003, has recovered, with tourist arrivals back to the pre-SARS levels. Growth in manufacturing has also strengthened, supported by improved global demand from Asia and Europe. Agriculture has also posted strong growth attributed to the expansion of palm oil and rubber production following rising prices.

Inflationary pressure has remained subdued, and the CPI has registered an increase of 1.1 per cent in 2003 compared to 1.7 per cent in 2002 (Table 2). This can be attributed to the utilisation of excess capacity, increased price competition, and the moderating influence of foreign workers on domestic wages.

LABOUR MARKET DEVELOPMENTS

Labour Market Trends, 2002/2003

Labour market conditions have remained favourable in 2003 as growth gained momentum, especially in the second half of 2003. The total labour force is expected to increase at the same pace as 2002 to reach 10.5 million persons in 2003, while total employment is projected to expand by 3.2 per cent to 10.2 million workers (Table 3). Subsequently, the unemployment rate is anticipated to remain stable at 3.5 per cent or at full employment[1].

Despite the extension of universal education to 11 years and the increase in the number pursuing tertiary education, the overall labour force participation rate (LFPR) is expected to increase from 66.3 per cent in 2002 to 66.9 per cent in 2003. The male LFPR is expected to increase to 87.1 per cent, while the female LFPR to 45.7 per cent.

The improved labour market condition is also reflected in the significant decline in the number of retrenched workers. The number of retrenched workers declined by

[1] In Malaysia, the economy is considered to be at full employment if the unemployment rate is below 4.0 per cent.

about 20.0 per cent in 2003 compared to 30.6 per cent in 2002. The majority (about 95 per cent) of those retrenched were Malaysians and they were mainly employed in the manufacturing sector (70.8 per cent) (Table 4). The main reasons for retrenchment include reduction in demand for products (26.6 per cent), company reorganisation (14.0) and closures (12.6 per cent) (Table 5). As in previous years, more than half (53.0 per cent) of those retrenched were low-skilled production workers (Table 6).

In tandem with the slower growth in the first half of the year, labour demand as measured by the number of vacancies reported to the Manpower Department declined by 28.0 per cent or by 58,183 in the first seven months of 2003. The total number of registered job-seekers also declined by about 5.0 per cent during the same period. The majority of the job-seekers (about 70 per cent) were young, aged between 15-24 years.

On a sectoral basis, non-government services accounted for more than half (51.6 per cent) of the new jobs created. Next was manufacturing which created about 44.0 per cent of the new jobs. Employment in the agriculture sector continued to fall, following the adoption of less-labour intensive cultivation methods and the conversion of agricultural land to property development in the more urban areas (Table 7).

The economic recovery has exerted some pressure on wages in 2002. Based on the monthly survey data for manufacturing, real wage per employee increased by 2.9 per cent in 2002 compared to 1.7 per cent in 2001. Labour productivity, as measured by the ratio of GDP to employment, recorded a positive growth of 0.9 per cent in 2002 compared to negative 1.8 per cent in 2001.

Labour Market Initiatives, 2002/2003

The government continued to implement a number of active and passive measures introduced in 2001 and 2002 to enhance labour market flexibility and mobility, and to upgrade the quality of human resources. These include:

i. nationwide job fairs;
ii. The Electronic Labour Exchange Project;
iii. The Brain Gain Programme;
iv. Special Scheme for Unemployed Graduates and Retrenched Workers; and

v. Staff Re-skilling Project for the Financial Sector.

To increase labour mobility, nationwide job fairs continued to be held. Retrenched workers and unemployed graduates could apply to be retrained under the Retrenched Workers Programme and the Graduate Training Sceme. A total of 37,033 participated in the Scheme for Unemployed Graduates, while 9,499 underwent training for retrenched workers in 2002. Though the unemployment rate is relatively low, graduate unemployment remains a nagging problem, mainly due to skills mismatch. The Electronic Labour Exchange Project (ELX) came into operation in May 2002 to match job-seekers with vacancies over large geographical areas to improve labour mobility. As at end 2002, a total of 11,000 active job-seekers were registered with the exchange, while 2,040 job vacancies were advertised by 720 employers.

To enhance the quality of the workforce, about RM1.62 billion was allocated under the 2003 National Budget to implement various skills training programmes and to provide the infrastructure facilities. To develop more skilled manpower for research and development (R&D), a Training Grant of RM100 million was established to assist private companies to finance the training of their R&D personnel. In addition, about 36,700 received soft loans in 2002 under the Skills Development Fund operated by the Ministry of Human Resources for technical and vocational training offered by accredited institutions.

The Brain Gains Programme[2] re-introduced in January 1, 2001 received a total of 587 applications as of October 2003, of which 218 were approved, and 126 returned to Malaysia. The Programme encourages Malaysian citizens with special expertise working abroad to return to Malaysia. Incentives provided under the Programme include income tax exemption, import duty and sales tax exemption for two cars, personal belongings tax exemption, car import license and permanent resident status for spouse and children of the returning Malaysian to be granted within six months of arrival in Malaysia.

[2] The Brain-Gain Scheme was originally introduced in 1995, but was suspended in 1997 following the economic crisis. The 1995 Programme was not very successful, and only managed to attract 23 Malaysians.

Under the Staff Re-skilling project for those retrenched as part of the consolidation and merger of financial institutions, 714 underwent training conducted by the Institute of Bankers. These trainees were equipped with competencies to enable them to be gainfully employed in other industries.

Apart from these ad hoc programmes introduced following the 2001 recession, the Human Resource Development Fund established in 1993 to retrain and upgrade the skills of workers approved training for 441,102 workers in 2002. The HRDF levy, which was reduced to 0.5 per cent of monthly wages from November 2001, was reverted to 1.0 per cent from November 2002.

INTERNATIONAL LABOUR MIGRATION IN MALAYSIA

Unlike in many advanced countries, where international labour migration is concerned with those who migrate for work and permanent settlement, the focus on international labour migration in Malaysia primarily centers on contract labour migrants. These are low-skilled workers who are imported for a short duration on a contract basis to alleviate labour shortages in specific sectors. The following will examine recent trends in migrant worker movements in Malaysia, and provide an update on migrant worker policies. The paper also attempts to examine the impact of migrant workers on the domestic economy.

Trends in Migrant Worker Movements

The situation of migrant workers in the Peninsula, and Sabah and Sarawak differs drastically, and therefore any meaningful analysis of migrant workers in Malaysia ought to deal with the three regions separately. Not only is the management of migrants under separate administrative authorities, but the social, political, historical and economic factors behind the inflow of migrants vary between the regions. Also the geographical coverage and terrain, particularly in the case of Sabah, make it almost impossible to monitor and control cross-border migration. Hence, the incidence of unauthorised entry and employment in Sabah is much more intractable. Therefore, much of the analysis in this paper is relevant for the Peninsula, but where available, data and information for Sabah and Sarawak will be included.

One can identify three broad trends in migrant worker movements in Malaysia. The first wave began in the 1970s, and was induced by structural changes in the economy and the urban drift of young job-seekers. During the initial phase, migrant workers were mostly employed in the rural plantation sector in small numbers. They were predominantly employed without proper authorisation to meet seasonal demand. The number of migrant workers grew in the late 1970s and early 1980s to meet widening labour shortages in agriculture and construction, and later in the informal manufacturing and services sectors. There was inadequate policy attention on restricting and regulating their entry and employment.

The second wave coincided with sustained high growth since the late 1980s. Widespread labour and skill shortages, and escalating wages drew large numbers of both documented and undocumented workers. Foreign workers were also allowed to work in the more formal manufacturing and services sectors. This was a period of trial and error in policy making, and the f2ormulation of a more comprehensive policy and institutional framework for the regulation of migrant worker movements. However, the policy and legal framework was backed by inadequate enforcement, inviting severe policy criticisms. Official estimates of migrant workers prior to the 1997 financial crisis stood at a peak of around 2 million or 1.2 million documented and about 800,000 undocumented workers, while unofficial figures were much higher.

The third or the post-1997 phase was a period of stabilisation of migrant worker inflow following slower economic growth and the introduction of severe penalties for illegal entry and employment. Since 1998, the number of migrant workers has hovered between 800,000 and 1.2 million, depending on economic performance. The broad trends in legal migration since 1997/98 seem to suggest that the import of foreign workers has somewhat stabilised at a much lower level than the pre-crisis period of high growth. The slight increase in the number of documented registered foreign workers in 2002 can be largely attributed to the stringent laws and actions taken to flush out illegal immigrants, which incidentally contributed to the rise in authourised entry and employment. The very harsh penalties on illegal migrant workers and errant employers introduced in August 2002, and the amnesty programme from March 22 to 31 July, 2002 to repatriate illegal workers has had a tremendous impact on controlling the number of undocumented migrant workers. The current estimate of illegal migrant workers in the Peninsula is about 300 to 400 thousand, or one illegal worker for every three documented workers.

Table 8 provides updated figures on the number of registered foreign workers in the Peninsula. As of June 2003, there were 1,163,194 registered foreign workers in the country. The majority (60.0 per cent) of foreign workers were Indonesians. About 25.0 per cent were from Bangladesh, 7.0 per cent from the Philippines and the rest 8.0 per cent were from countries such as Thailand, Pakistan, Vietnam and India. About one third of them were employed in manufacturing and about a quarter as domestic maids. Construction and plantation absorbed slightly less than one-fifth.

In the case of Sabah, based on the latest figures available from the Sabah Department of Labour, there were about 80,792 registered workers in 2002 (Table 9). Given the agrarian economic structure, it is hardly surprising that about 76.0 per cent were employed in the plantation sector. Indonesians constituted about 94.0 per cent of the migrant workers, while the rest 6.0 per cent were from the Philippines. The official estimate of illegal workers by the Sabah Labour Department is about 100,000. However, unofficial estimates suggest that there are about two unregistered workers for every documented worker. Sabah not only has a higher proportion (about 50 per cent) of foreign workers in its labour force, but it also has a higher incidence of illegal entry and employment.

Data for Sarawak indicate that there are about 107,000 registered workers (Table 10). About 50.0 per cent of the workers were employed in the manufacturing sector, and about 34.0 per cent in agriculture. This represents a sharp increase in the intake of migrant workers, since data from the early 1990s suggest that the presence of migrant workers in Sarawak was negligible at about 30,000. There are no estimates of illegal foreign workers in Sarawak.

In other words, Malaysia employs an estimated two million foreign workers or about 20 per cent of its workforce.

Foreign Labour Management Polices

Appendix I details the evolution of the foreign worker polices in Malaysia in chronological order. The entry and employment of migrants are governed by the Employment Restriction Act (1968) and the Immigration Law, 1959/63 (Amendment

2002). In addition to these overarching legal provisions, migrant workers are subjected to a set of detailed ad hoc specifications that determine the age, gender and nationality, the employment sector, location and the duration of residence and employment in Malaysia. These determinants are shaped by a host of factors that include:

- level of economic activity and rate of unemployment in the country;
- sectoral labour market imbalances;
- the magnitude of undocumented workers;
- legal infraction by migrant workers;
- socio-cultural infractions by migrant workers;
- national security and diplomatic relations, and
- pressure by interest groups such as trade unions, employers' associations and human rights groups.

Migrant worker polices in Malaysia aim to allow a regulated and controlled inflow of foreign workers as an interim solution to ease labour shortages in critical sectors and to discourage long-term reliance on imported unskilled labor. Foreign worker policies have evolved with the changing labour market needs and other socio-political exigencies as identified above, and the underlying policy concerns include:

i. controlling and regulating the inflow of migrant workers;
ii. the elimination of irregular migration; and
iii. the protection of migrant workers

A broad range of policy instruments have been used to achieve the above policy objectives, with varying degree of success. The following will identify the key policy instruments, and provide an update of the changes since 2002.

i. Controlling and Regulating the Inflow of Migrant Workers

The principal instruments used to control and regulate the inflow of migrant workers include:

a. bilateral agreements with major sending countries;
b. work permits; and
c. foreign worker levy

In order to ensure a more regulated inflow of foreign workers, the government is currently in the process of signing the Memorandum of Understanding (MOU) with designated countries. At present 13 countries have been identified and these include India, Indonesia, Cambodia, Kazakhstan, Laos, Myanmar, Nepal, the Philippines, Sri Lanka, Thailand, Turkmenistan, Uzbekistan and Vietnam. Bangladesh was reinstated as a source country in July 2003. Thus far, MOUs have been signed with Thailand, Pakistan, China, Sri Lanka, Vietnam, Indonesia, India and Bangladesh. The key terms incorporated into the MOU include the following: workers must be able to communicate in English or Bahasa Malaysia, be free of any criminal record and the host government must be accountable to send the workers back if they violate Malaysian laws. The MOU is seen as an essential tool to ensure proper documentation and record of the import of migrant workers.

Work permits are issued for a restricted duration to discourage permanent settlement and to impress upon employers the temporary nature of unskilled labour imports. The duration of employment has been revised several times. Since September 2002, experienced workers who have been certified by the National Vocational Training Council can extend their duration of stay for another five years, to a total of 10 years. From January, 2004, only foreign workers who had undergone a mandatory two-week training programme on language, customs and Malaysian lifestyle in the host country would be issued with travel visas.

A levy on the employment of foreign workers was imposed in the 1991/1992 national budget to avoid excessive reliance on foreign workers. The annual levy varied by sector and skills. Minor changes were made with respect to levy payments in 2003. Employers of foreign maids can now pay the annual RM445 levy on a bi-annual basis, while those in the construction sector can pay levy on a six-monthly basis to help reduce their initial cost of employment for all new foreign workers.

ii. The elimination of irregular migration

Policies to eliminate irregular migration include:

a. registration of migrants working illegally, without threat of deportation;

b. ban on the intake of foreign workers;

c. the granting of amnesty to undocumented workers to allow them to return to their country without being prosecuted;

d. enhanced surveillance on unauthourised entry and employment of migrant workers under the security operations code-named Ops Nyah I and Ops Nyah II.

e. the imposition of harsher penalties on migrants and all those employing or harbouring illegal migrants,; and

Since the amendments to the Immigration Act 1959/63 (Amendment 2002), which increased the penalty on both employers and illegal foreign workers, the incidence of illegal entry and employment has declined drastically.

iii. The protection of migrant workers

Malaysian employment and labour laws equally apply to all Malaysians and foreign workers. In other words, all migrant workers are protected by the existing employment regulation. In addition, the MOUs signed with the labour exporting countries stipulate that Malaysian employers are required to prepare contracts with terms and conditions on wages, work shifts, days off, sick leave and medical leave. Employees are to pay the levies, visa fee and undergo medical check-up.

Despite laws and guidelines to ensure the migrant workers' employment rights are protected, the implementation of these foreign worker rights leaves much to be desired, primarily due to poor enforcement and lack of knowledge among foreign workers of their rights as well as the ways and means to channel their complaints. Common complaints lodged by foreign workers 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. In the case of domestic helpers, physical and mental abuse and confinement are the main grouses.

To act as a deterrent against maid abuse, employers found guilty of abusing their maids were blacklisted and were not allowed to employ another for an indefinite period

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IMPACT OF FOREIGN WORKERS ON THE DOMESTIC ECONOMY

Migration has both positive and negative effects, but public debate tends to center on the perceived adverse effects of immigration. The cross-country experiences, based on a vast empirical literature, however shows that the effects of immigration on the economy have been reasonably balanced or positive (Glenn, ??). The substantial empirical evidence from Australia suggests that immigration has not caused any net increase in the unemployment rate nor has it suppressed wages. The impact of migrants on the current account is also neutral, while its effects on public outlay have been positive. It is also important to note that the impact of immigrants on the local economy would very much depend on the magnitude and type of immigrants. In the case of Malaysia, contract labour migrants account for more than 90 per cent of all foreign labour and, hence the policy concerns on the impact of migrant workers may differ.

There is little empirical analysis on the impact of migrant workers on the economy, though several casual observations have been made. The casual observations that have been made tend to highlight the negative impact of migrant workers on the economy and downplay the benefits. This could be attributed to the relatively high incidence of unauthorised entry and employment of immigrants, and the visible socio-political problems associated with immigrants, in particular the illegal migrants. Subsequently, the underlying concerns of migrant worker polices in Malaysia have been to control and regulate the inflow of illegal immigrants through a wide range of policy instruments and harsh and punitive policies that tend to invite much criticism.

The following identifies the perceived costs and benefits of employing migrant workers.

<u>Economic, Social, Security and Political Concerns</u>

i. The relatively easy access to a ready pool of inexpensive low-skilled workers tends to distort domestic factor prices and retard industrial upgrading and trap the economy in low-wage low-skill equilibrium.

ii. It has also been argued that migrant workers have displaced Malaysians and depressed wages in agriculture and construction, thereby contradicting national poverty eradication objectives (Mehmet, 1988).

iii. Migrant workers are believed to be using social services without paying for them. The subsidised or free use of public facilities such as health, education and infrastructure has been a source of concern.

iv. Employing migrant workers contributes to a “significant outflow of capital”. Migrant workers have been reported to send money home using informal channels, and hence the actual amount is speculated to be much higher. The outflow of foreign exchange is reported to adversely affect the services account of the balances of payments.

v. Migrant workers, especially the undocumented workers who avoid compulsory health screening have been a source of communicable diseases that have been eradicated or under control until the arrival of immigrants. The inflow of foreign workers impinges upon public safety and security, as some immigrants, particularly the illegals, were engaged in criminal activities.

vi. Migrants also compete with the poor for low-cost accommodation in the squatter settlements and the Malay Reservation areas. The illegal occupation of land and housing and the congested and unsanitary living conditions have caused resentment among the local population (Azizah Kassim, 1995)

vii. More recently, immigrants have been associated with the spread of deviant religious teachings and philosophy.

<u>Economic Benefits</u>

i. Migrant workers alleviate labour shortages and contribute to growth. The temporary intake of migrant workers feeds excess labour demand in sectors affected by rapid structural transformation and maintains labour cost competitiveness and profitability in industries that are fast losing their comparative advantage.

ii. Migrant workers have served as a buffer to soften the impact of business cycles by fueling growth and moderating wage inflation during periods of high growth and maintaining relatively low levels of unemployment during economic slowdown by shedding excess foreign labour.

The following examines some of the consequences on the economy of employing migrant workers.

Social and Security Threat

i Health-related problems

Migrant workers, especially the undocumented workers who avoid compulsory health screening, have been suspected to be the conduit for highly communicable diseases such as malaria, tuberculosis and leprosy. These were diseases that were either eradicated or under control until the arrival of migrant workers.

At present, all foreign workers must produce certificates of fitness from recognised clinics in their home countries before work permits were issued to them. They would undergo re-examination by the Foreign Workers' Medical Examination Monitoring Agency (FOMEMA) a year later before their work permits were renewed. FOMEMA also carries out random checks on 10.0 per cent of the new foreign workers that enter the country each year to ascertain whether they suffer from infectious diseases. FOMEMA was established in December 1997 to manage the health screening of migrant workers. Up to August 2003, a total of 2.7 million foreign workers have been medically examined through FOMEMA. Based on FOMEMA's database, the number of foreign workers infected with tuberculosis has increased alarmingly and amounted to 1,278 persons in 2002 compared to only 21 persons in 1997, while those with Hepatitis B was 4,505 persons (1997: 124 persons) (Table 11). Those who failed their medical tests were departed and their work permits revoked. It must be noted that these figures only refer to all those who enter legally. There is no information on the incidence of infectious diseases amongst the illegal workers.

ii. Public Safety and Security

The influx of foreign workers is also perceived to impinge upon public safety and security, as some migrant workers, particularly the illegal migrants, were engaged in criminal activities. The number of crimes committed by migrants has increased three-fold from 1,333 in 1992 to 3113 in 2002 (Table 12). Indonesians, by virtue of their larger presence committed the most number of crimes (about 62.0 per cent of total crimes committed). However, the proportion of crimes committed by foreigners merely hovers around 2.0 per cent of the total crimes in Malaysia. On a per capita basis, foreigners on average committed about 3.8 crimes per 1000 foreign population, whereas Malaysians committed 5.3 per 1000 foreign population (Table 13). Though the incidence of crimes committed by foreigners rises on a per capita basis, the empirical evidence for suggesting that foreigners are primarily responsible for the rising crime rate in Malaysia remains weak.

There is also the popular perception that foreigners commit more violent crimes. Statistics on the incidence of violent crimes show that 30.0 to 40.0 per cent of the total crimes committed by foreigners are violent crimes. But in terms of the ratio of total violent crimes committed by foreigners, it was around 5.1 in 1992, but had risen to 8.0 in 2002. Hence, though the incidence of violent crimes committed by foreigners has been on the rise, statistics show weak support for the perception that foreigners are mainly responsible for the increase in violent crimes.

Outflow of Foreign Exchange

Data on the repatriation of income by migrants are not readily available, and therefore an estimate is made based on a field survey of migrant workers[3]. Based on survey findings, the average monthly income of foreign workers is around RM835. The survey also shows that migrant workers in the different sectors send varying proportion of their income home. Those in the plantation sector repatriated about 70.0 per cent of their income, while those in the services sector and domestic maids repatriated about 93 per cent of their income since food and lodging are provided by their employers. Assuming that migrant workers repatriate about 50 per cent of their income, the 1.4 million documented migrant workers are estimated to repatriate about

RM7 billion annually. The survey also showed that three out of every four workers used telegraphic transfer or bank draft, while the remainder 25 per cent used informal channels such as agents and money changers, or friends and relatives.

The Economic Impact of Migrant Workers on the Economy – A Computable General Equilibrium Analysis

A multi-sectoral computable general equilibrium (CGE) model of the Malaysian economy was constructed to analyse the impact on the economy of policy changes with respect to migrant workers.

The CGE model is in the tradition of models pioneered by Johansen (1974) and follows closely the ORANI model of the Australian economy (Dixon et al, 1982). Most of the equations in the models are generic as found in many CGE models applied to both developing and developed economies. The model is designed to produce conditional projections of the "what if" type. For example, if there is a 10 per cent cut in the import of migrant workers, the model can simulate the effects of this change on output, prices, exports, imports, wages, etc.

The model consists of five groups of economic agents, namely domestic producers of current goods, domestic producers of capital goods, households, government, and foreign buyers who import and consume goods produced in Malaysia. The model is constructed using the latest available input-output table. The model consists of 92 industries producing 92 commodities utilising intermediate inputs from two sources (domestic and imported), three factors of production (capital, land and labour) and three occupation types (skilled, semi-skilled and unskilled) sourced from two sources (domestic and foreign).

The model assumes cost minimisation behaviour for producers and utility maximisation for consumers. The different economic agents adjust their behaviour in response to changes in market prices.

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[3] A survey of about 600 migrant workers was carried out between July and September 2003 to gather information on migrant workers in Malaysia.

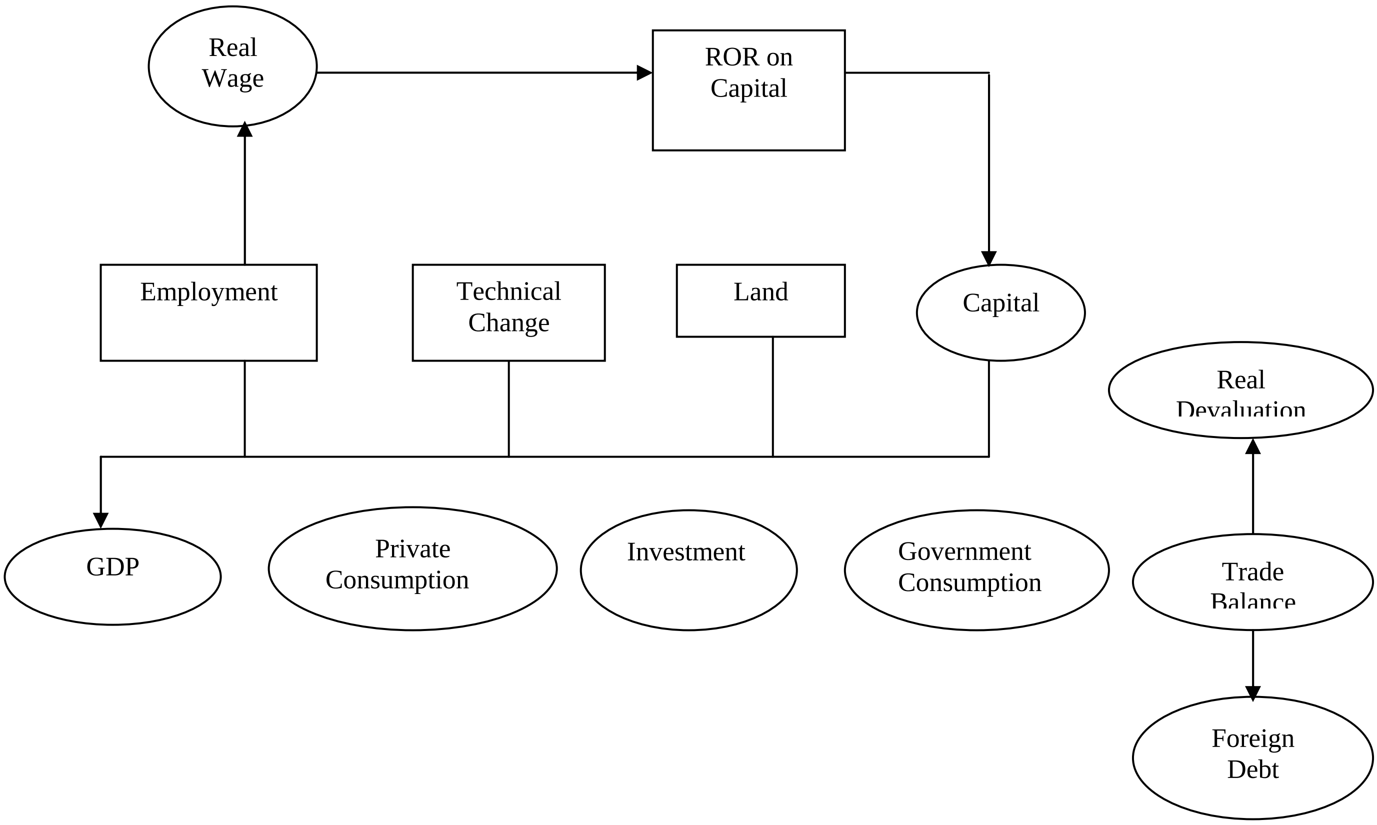
The CGE model is a static model. In other words, it does not model the supply of labour (i.e. there is no labour-leisure theory) nor does it model the supply of capital (there is no theory of investment). Therefore for each of labour and capital, price or supply must be exogenous. If supply of labour or capital is exogenous, then the closure is described as short run or full employment. The Malaysian economy has been in full employment since the early 1990s till the economic downturn in 1998. Therefore, a short run closure is used to assess the impact on the economy of a cutback on the number of migrant workers. Full employment implies that the wage rate adjusts to equate demand for labour to the exogenously given labour supply. The model has a very large set of simultaneous equations and has more variables than equations. Therefore, apart from the supply of labour, there are other exogenous variables in order to equate the number of equations to the number of variables. The rest of the variables are endogenous and their values are determined by the behavioural relationships built into the model.

An estimated 20 per cent of the current work force consists of migrant workers. This ratio is generally believed to be excessive. The model is simulated assuming a 20 per cent repatriation of migrant workers, and the impact of the shock on the economy at the macro level is analysed.

The adjustment mechanism of the model is illustrated in Figure I. The values of the variables in rectangles are exogenous and the variables in ovals are endogenously determined within the model. Schematically, adjustments in the model arise from the supply and demand side of GDP. From the supply side, a fall in the supply of labour leads to a rise in wages via the labour supply function. The rise in wages leads to a fall in the relative price of capital via a factor price frontier (i.e. a negative relationship between real wages and real rental price of capital), causing an increase in demand for capital. But because capital is fixed in the short run, the capital rental also rises. On the demand side, GDP is determined by private consumption, investment, government consumption and export and imports.

FIGURE I

Economy-wide Macroeconomic Closure and Adjustment



The results of a 20 per cent reduction in the import of migrant workers are shown in Table 15 below. On the supply side, a 20 per cent cut in the import of unskilled and semi-skilled migrant workers raises the average real wage in the economy by 0.5 per cent and the rental price of capital also increased by 1.1 per cent. The GDP declines by 1.1 per cent. Since the bulk of the migrant workers are in the export industry, export prices in local currency increased marginally by 0.1 per cent, and total exports fall by 0.9 per cent. Since Malaysia's exports are highly import intensive, imports drop by 0.8 per cent. The larger fall in exports as compared to imports causes the balance of trade to decline marginally by 0.04 per cent. The currency depreciates by 0.6 per cent.

On the demand side, government demand falls by 1.1 per cent, while real household consumption decreases by 0.8 per cent, and total investments decline by 1.4 per cent. The 0.5 increase in wages causes the consumer price index to increase by 0.2 per cent.

In other words, migrant workers contribute importantly to GDP and export revenue, and help to moderate wage increases.

Conclusion

The Malaysian economy is poised to enter the post-industrial phase of development where the services sector will assume a larger and more dynamic role in the economy. The path towards the transition to a services-led economy is not easy. While the domestic economy is riddled with rigidities, the global economy has become more unpredictable and competitive. These developments have necessitated the search for new sources of growth and to create a more business friendly environment. The development of skills and economic abilities to innovate and to expand into new areas has been prioritised. A policy of less reliance on low-skilled contract labour migrants has also been emphasised.

The economic recovery since the second half of 2003 has augured well for the domestic labour market. The economy continues to be at full employment and there has been little pressure on wages, due to the large-scale import of migrant workers into the economy. Migrant workers currently account for about a fifth of the Malaysian workforce.

Though there are some negative consequences of employing foreign workers, it is evident from the CGE analysis that migrant workers do contribute positively. They contribute to GDP growth, earn export revenue and moderate wage increases.

Table 1
Malaysia: Real GDP by Sector, 2000-2003

% growth	2000	2001	2002	1Q03	2Q03	3Q03
Real GDP	8.5	0.3	4.1	4.6	4.5	5.1
Demand side						
Private	13.0	2.4	4.4	4.3	3.4	5.4
Consumption	1.6	17.0	12.2	18.2	7.2	-1.6
Public	25.7	-2.8	0.3	3.8	0.4	3.2
Consumption	32.6	19.9	-13.1	-	-	-
Gross Investment	19.4	14.5	9.8	-	-	-
Private						
Investment	15.4	2.8	4.3	5.9	3.0	3.5
Public						
Investment	16.1	-7.5	3.6	1.9	0.2	-5.0
	24.4	-8.6	6.2	1.7	-2.9	-5.1
Domestic Demand						
Exports						
Imports						
Supply Side						
Agriculture	2.6	-0.9	3.0	3.4	10.4	6.2
Mining	0.3	-0.8	3.7	4.5	10.5	4.1
Manufacturing	18.3	-5.8	4.0	5.9	6.5	8.5
Construction	1.0	2.1	2.3	1,2	1.4	2.4
Services	6.7	5.8	4.1	4.5	2.8	4.2

Source: Department of Statistics

Table 2
Malaysia: Principal Economic Indicators, 1999-2003

	1999	2000	2001	2002p	2003f
CPI (2000=100)	2.8	1.6	1.4	1.8	1.2
PPI (1989=100)	-3.3	3.1	-5.0	4.4	-
Exchange rate (in terms of US$)	3.8	3.8	3.8	3.8	3.8
GDP per capita (RM)	8,516	9,009	8,826	8,592	8,953
% change in per capita income	3.6	5.8	-2.0	-2.6	4.2
Total population (‘000)	22,714	23260	23,847	25,530	25,600

Note: p – preliminary
f - forecast
Source: Department of Statistics.

Table 3
Malaysia: Labour Market Indicators, 1998-2003

	1999	2000	2001	2002	2003[e]
Labour force ('000)	9,178	9,573	9,892	10,198.8	10,514.9
Change in labour force (%)	3.7	4.3	3.3	3.1	3.1
LFPR(%)					
Total	64.6	65.5	65.3	66.3	66.9
Male	84.4	85.4	85.1	86.3	87.1
Female	43.8	44.5	44.3	45.2	45.7
Total employed	8,869.6	9,271.2	9,532.5	9,840.0	10,150.0
Change in employment (%)	3.5	4.6	2.6	3.2	3.2
Unemployment rate (%)	3.4	3.1	3.7	3.5	3.5
Change in labour productivity[1]	3.3	2.7	-1.8	0.9	-
Real wage per employee in mfg (percentage change)	3.1	5.0	1.7	2.9	-
Retrenchment (no.)	37,357	25,244	38,116	26,457	21,206
% change	344.6	-55.4	51.0	-30.6	-19.8
Vacancies (no.)	74,610	108,318	131,459	162,787	58,183[a]
% change	15.7	45.2	21.4	23.6	-28.0[b]
Registered job seekers (no.)	31,830	27,820	34,200	32,305	37,397[a]
% change	-4.5	-12.6	22.9	-5.5	-4.5[b]

Notes: 1 – Labour productivity refers to real change in sales value pf products in the manufacturing sector.
e – refers to estimate
a – from January to July
b – compared to January to July 2002.

Sources: Department of Statistics
Bank Negara Malaysia
Economic Planning Unit

Table 4
Retrenchment by Sector, January 2003-January 2004

Sector	Percentage
Manufacturing	70.8
Wholesale & retail, restaurant & hotel	9.4
Finance, insurance, real estate & business services	6.7
Community, social and personal services	3.4
Transport, storage & communications	3.0
Construction	3.1
Agriculture, forestry, livestock & fishing	2.6
Mining & quarrying	0.9
Electricity, gas & water	0.1
Other activities not adequately defines	0.04
Total	100.0

Note: As of February 1, 1998, it is mandatory for employers to inform the Director General of the Labour Department at least one month before any retrenchment exercise is undertaken.

Source: Manpower Department, Ministry of Human Resources

Table 5
Reasons for Retrenchment, January 2003-January 2004

Reasons	Percentage
Closure	12.6
Sale of Company	6.9
Relocation to foreign country	4.3
Relocated locally	6.0
High production cost/reduction in production cost	3.1
Reduction in demand for product	26.6
Recruitment difficulties	0.07
Company reorganisation	14.0
Others	26.2
Total	100.0

Source: Manpower Department, Ministry of Human Resources.

Table 6
Retrenchment by Category of Occupation

Occupational Category	Percentage
Professional, technical & related workers	17.1
Administrative & managerial workers	8.1
Clerical & related workers	11.6
Sales workers	4.2
Service workers	4.3
Agriculture & forestry workers	1.7
Production & related workers	53.0
Total	100.0

Source: Manpower Department, Ministry of Human Resources

Table 7
Malaysia: Employment by Sector, 2000-2002

	Percentage Share			Contribution to employment growth		
	2001	2002^e	2003^e	2001	2002^e	2003^e
Agriculture, forestry & fishing	14.8	14.3	13.8	-0.4	-0.3	-0.8
Mining	0.4	0.4	0.4	0.2	0.1	0.2
Manufacturing	26.8	27.2	27.7	-1.0	40.3	43.6
Construction	8.1	7.9	7.8	6.4	3.4	4.0
Finance, insur., real est. & bus. serv.	6.0	6.2	6.3	25.2	10.6	9.1
Transport, storage & comms.	5.2	5.2	5.2	12.9	4.3	4.6
Government services	10.3	10.1	10.1	-0.6	4.9	10.2
Other services	28.4	28.7	28.7	57.2	36.7	29.2
Non-government services	39.8	40.1	40.2	95.3	51.3	51.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Note: e - estimate
Source: Source: Ministry of Finance, *Economic Report 2002/2003*, National Printers Malaysia Berhad, Kuala Lumpur.

Table 8
Registered Foreign Workers in Malaysia, 2003

Country	Sector (%)
Indonesia	60.0
Bangladesh	25.0
Philippines	7.0
Others	8
Total (Number)	100.0 (1,163,194)

Source: Sunday Star, January 18, 2003.

Table 9
Registered Foreign Workers by Sector and Nationality, Sabah, 2001

	Bangladesh	Indonesia	Philippines	Others	Total
Domestic	-	7,319	707	-	8,026 (5.44)
Maids	-	976	797	-	1,773 (1.20)
Construction	-	16,528	1,566	-	18,094 (12.27)
Manufacturing	5	4,331	1,869	-	6,205 (4.21)
Services	-	108,163	5,183	3	113,345
Agriculture					(76.87)
Total	5 (*)	137,317 (93.13)	10,122 (6.87)	3 (*)	147,447 (100.0)

Note: * Negligible
Source: Adapted from unpublished data from Immigration Office Sabah. Data provided by Dr Bilson Kurus of Institute of Policy Studies, Sabah.

Table 10
Registered Foreign Workers by Sector and Nationality, Sarawak, 2003*

	Domestic Maids	Construction	Manufacturing	Services	Agriculture	Total
Indonesia	14,028	4,011	52,761	1,818	32,976	105,594
Bangladesh	-	90	180	37	13	320
Philippines	-	83	210	26	27	346
Thailand	7	-	4	13	9	33
Vietnam	-	-	74	-	-	74
Others	-	51	151	127	1	330
Total	14,028	4,267	53,389	2,031	33,026	106748

Source: Department of Immigration, Sarawak, 2003 (provided by Dr Bilson Kurus)

Table 11
Types of Diseases Found In Registered Foreign Workers, 1997-2002

Type of Infection	1997	1998	1999	2000	2001	2002
HIV	4	173	69	76	91	122
TB	21	1,467	853	1,063	1,477	1,278
Hepatitis B	124	12,030	3,907	2,445	4,093	4,505
Others	51	4,484	2,447	3,330	3,623	2,922
Total	200	18,154	7,276	6,914	9,284	8,827

Source: FOMEMA

Table 12
Number of Crimes Committed by Foreigners, 1992-2002

	Indonesians	Filipinos	Bangladeshis	Others	Total	% of Crimes Committed by Foreigners
1992	710	618	-	5	1,333	1.8
1993	848	875	-	23	1,746	2.2
1994	472	274	-	11	757	1.0
1995	932	1,165	28	46	2,171	2.7
1996	1,066	922	8	23	2,019	2.3
1997	752	802	32	13	1,599	1.3
1998	1,326	897	139	23	2,385	1.5
1999	2,378	1,354	155	83	3,970	2.3
2000	2,219	1,011	142	116	3,488	2.1
2001	2,169	814	178	203	3,364	2.1
2002	2,066	686	147	214	3,113	2.1

Source: The Royal Policy Department, Malaysia

Table 13
Crime Incidence of Migrants Versus Malaysians, 1992-2002

	Crimes by Foreigners per 1000 Foreigners	Crimes by Malaysians per 1000 Malaysians	Crimes by Foreigners per 1000 Employed Persons
1992	3.8	3.8	10.6
1993	4.0	4.0	11.4
1994	1.6	3.7	10.8
1995	12.1	3.8	10.9
1996	2.2	4.1	11.7
1997	1.7	5.5	16.2
1998	2.4	7.1	20.3
1999	3.8	7.3	21.1
2000	3.0	7.0	20.8
2001	3.9	6.4	18.9
2002	3.3	6.0	17.3
Average	3.8	5.3	15.5

Source: Computed using data from The Royal Policy Department, Malaysia and the Department and Statistics, Malaysia

Table 14
Incidence of Types of Crimes Committed by Foreigners, 1992-2002

	Violent Crimes	% of Total Violent Crimes[1]	Property-related Crimes	% of Total Property-related[2] Crimes
1992	513	5.1	820	1.3
1993	564	5.1	1,182	1.7
1994	312	3.0	445	0.7
1995	643	6.1	1,528	2.2
1996	693	5.6	1,326	1.8
1997	470	2.8	1,129	1.1
1998	748	3.8	1,637	1.2
1999	1,715	8.1	2,255	1.5
2000	1,659	7.7	1,829	1.3
2001	1,490	7.3	1,874	1.4
2002	1,656	7.9	1,457	1.1

Note: 1 – Violent crimes include murder, armed and unarmed robbery, rapes, etc.
2 – Property-related crimes include house-breaking, car/motocycle/bicycle thefts, etc.
Source: The Royal Policy Department, Malaysia

Table 15
The Macroeconomic Impact of a 20 per cent Reduction in Migrant Workers

Variables	Impact
Contribution of BOT to real expenditure-side GDP	-0.04%
Real devaluation	0.6%
Terms of trade	0.1%
Average capital rental	1.1%
Average nominal wage	0.7%
Average land rental	-2.7%
Consumer price index	0.2%
Exports price index, local currency	0.1%
Average real wage	0.5%
C.I.F. local currency value of imports	-0.8%
Nominal GDP from expenditure and income side	-0.5%
Value of imports plus duty	-0.8%
Aggregate revenue from all indirect taxes	-0.7%
Nominal total household consumption	-0.6%
Local currency border value of exports	-0.9%
Aggregate nominal value of government demands	-1.1%
Import volume index, C.I.F. weights	-0.8%
Real GDP from expenditure side	-1.1%
Import volume index, duty-paid weights	-0.8%
Aggregate capital stock, rental weights	-1.3%
Aggregate output: value-added weights	-1.1%
Aggregate real investment expenditure	-1.4%
Real household consumption	-0.8%
Export volume index	-1.0%
Aggregate real government demands	-0.8%

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Appendix I
Evolution of Foreign Labour Management Policies in Malaysia

Year	Policy Objectives	Policy Measures/Instruments	Policy Outcome
1984	Medan Agreement signed with Indonesia • to ease labour shortages in selected sectors. (Similar agreements signed with Philippines, Thailand and Bangladesh).	Bilateral agreement • to curb unauthorised entry • to encourage legal recruitment	• Failed to stem unauthorised entry and employment
1989	Foreign Worker Regularisation Programme. • to weed out illegal Indonesian plantation workers. • to prevent displacement of local workers	• Registration of illegal workers in plantations. • Plantation workers on a 3-year contract to receive similar wages and benefits as locals	• Only one-third registered • Freeze on the intake of workers form Indonesia from Jan 1st 1990
1991 Oct	Comprehensive Policy on the Recruitment of Foreign Workers: • to ease labour shortage in selected sectors • to document and legalise entry and employment of all foreign workers • to protect rights of citizens to employment.	• Work permits issued to plantation and construction automatically • Manufacturing and services allowed to recruit foreign workers with documentary evidence of recruitment difficulties • Foreign workers not allowed to change location, employer or sector of employment • Foreign workers to receive similar wages and benefits • Mandatory contribution to Social Security Organisation (SOCSO) • Option to contribute of pension funds (EPF) • Contract of employment to be signed • Employer to bear cost of recruitment and repatriation • Employer to bear security bond placed with Immigration Department • Employer accountable for worker for duration of employment • Applications vetted by the Committee on Foreign Labour in MOHR prior to approval by Immigration Department	

Appendix I continued
Evolution of Foreign Labour Management Policies in Malaysia

Year	Policy Objectives	Policy Measures/Instruments	Policy Outcome
1992 Budget	Imposition of annual levy: • to raise employment cost of foreign workers to discourage employers from being over-dependent on migrant workers • to safeguard employment opportunity for citizens	Levy imposed varied by sector and skill. Foreign worker classified as general worker, semi-skilled & unskilled • Agriculture (RM360; RM540 & RM720) • Construction (RM420; RM600 & RM900) • Services (RM360; RM540 & RM720) • Manufacturing (RM420; RM600 & RM900) Higher levy for the expatriate category • Technical – RM1,200; Professional Middle Management - RM1,800; Professional Upper Management – RM2,400)	• Employers in larger firms paid the levy • Smaller firms and the informal sector tend to pass on the levy to foreign workers.
1992	Foreign Worker Regularisation Programme • to legalise migrant workers. • Programme lasted from Jan 1992 to Aug 1994	• Registration of illegal workers • Followed by security operations code-named Ops Nyah I to curb illegal entry	• 483,784 illegal workers registered
1993 April	Ban on further recruitment of all low-skilled foreign workers • to stem unauthorised entry and employment	• Ban on new recruitment of low-skilled workers • Employers to recruit from detention centres • Applications processed by Committee in MOHA	• Unauthorised entry and employment continued. • Appeals from employers to lift ban
1993 June	Ban lifted for selected skills following appeals from employers • to easy excess demand	• Ban lifted for skilled and semi-skilled workers	
1994 Jan	Ban re-imposed on all sectors • to stem unauthorised entry and employment	• Ban on new recruits of skilled and semi-skilled workers • Those approved to recruit from detention centers	• Unauthorised entry and employment continued • Limited recruitment from detention centers
1994 June	Ban lifted for manufacturing sector • to ease labour shortage	• Ban lifted for skilled workers	

Appendix I continued
Evolution of Foreign Labour Management Policies in Malaysia

Date	Policy Objectives	Policy Measures/Instruments	Policy Outcome
1994 Oct	One-stop agency established • to coordinate policy implementation	• Establishment of a Task Force on Foreign Workers to take over all recruitment except for domestic maids and shop assistants • Employers to apply directly to Task Force	• Recruiting agencies now serviced employers
1995 Oct	All recruitments undertaken by Task Force to stem exploitation by agents	• Task Force made the sole agent for labour recruitment dealing with agents overseas, except for domestic maids and shop assistants	
1995 Aug	New guidelines on recruitment of foreign workers issued	11 new guidelines issued to make applications and approval more transparent	
1996	Foreign Worker Regularisation Programme to legalise illegal workers. From Jun 1996 to Dec 1996	• Registration of illegal workers • Followed by security operations code-named Ops Nyah II to weed out illegal workers • 3 months of amnesty (Oct-Dec 1996) followed by joint army-police security sweep • Formation of 16 enforcement teams and allocation of RM10 million to build detention centers	• 554,941 illegal workers registered out of an estimated 1.2 million, so amnesty extended to February 1st 1997 when the amended Immigration Act took effect.
1997 Jan	Changes to Task Force to improve efficiency	• Task Force to become a separate unit within Immigration Department	• Institutional capacity beefed up • Speedier processing
1997	1977 Amendments to Immigration Act to control unauthorised entry and employment (Act proposed in Oct 1996 and gazetted in Feb 1st 1997)	• Heavier fines imposed for illegal foreign workers, employers and agents	• Reduction in unauthorised entry and employment
1997 Mar	Task Force disbanded due to ineffectiveness	• Task Force functions taken over by the Foreign Workers Division of the Immigration Department	• Speedier and less cumbersome processing of work permits

Appendix I continued
Evolution of Foreign Labour Management Policies in Malaysia

Year	Policy Objectives	Policy Measures/Instruments	Policy Outcome
1997	Foreign Worker Regularisation Programme in Sabah • to weed out illegal migrant workers. From March to August.	• 6-month regularisation programme to register about 500,000 illegal workers • Joint operations by Federal and State agencies	• About 250,000 illegal workers registered
1997 Aug	A total ban on all new recruitment of all workers imposed in August following the July 1997 financial crisis • to protect the rights of its citizens to employment. Changes in employment conditions for sectors contributing to export and economic growth: • to foster economic recovery	• Those affected could opt to be re-deployed to the plantation sector or return home. • Length of stay raised: plantation – 7 years and manufacturing 6 years. • Increased surveillance and border patrolling	• Fears of mass exodus of migrants from crisis-hit Indonesia did not materialise • Total ban was lifted a month later for domestic maids and island resort workers following appeals • For other jobs the ban was in force until October 1998.
1998 Jan	Ban on renewal of work permits for foreign workers in manufacturing, construction and service sectors. • to reduce the number of foreign workers Annual levy raised • to discourage use of foreign labour Mandatory contribution to national pension fund • to reduce foreign exchange flow.	• Annual levy raised to RM1,500 (from RM1,200 for construction and manufacturing and from RM720 for service) except agriculture and domestic help which remained at RM360 • Imposed tighter conditions on domestic help employment – RM10,000 monthly income ceiling for Filipino and Sri Lankan maids. • Except domestic maids, all migrant workers must contribute to EPF. Employer pays 12% and employee 11% of monthly wages.	• Mandatory contribution to EPF was revoked in 2001
1998	Foreign Worker Regularisation Programme in Sarawak • to weed out illegal migrant workers	• Launched between February and March	

Appendix I continued
Evolution of Foreign Labour Management Policies in Malaysia

Year	Policy Objectives	Policy Measures/Instruments	Policy Outcome
1998 July	Ban on renewal of work permits for the service sector lifted • to ease shortages in this sector		
1998 Oct	Ban on new recruitment lifted • to ease shortages of labour in selected sectors	• 120,000 new work permits approved for foreign workers in plantation and construction sectors	
1999	Reduction in annual levy • to ease the burden on employers	• Levy reduced from RM1,500 to RM1,200 for all workers, except for agriculture and domestic maids which remain at RM360. •	
2001 May	Ban on the intake of foreign workers from Bangladesh to minimise problems arising from large intake of workers from Bangladesh	• Ban was imposed following a spate of clashes between locals and workers from Bangladesh	
2001 Oct	Maximum limit of temporary work pass reduced • to cutback on migrant workers	• Issue of temporary work pass limited from 5 to 3 years due to economic slowdown	• Strong criticisms from employers and trade unions • Short duration would discourage skill acquisition and raise costs

Appendix I continued
Evolution of Foreign Labour Management Policies in Malaysia

Year	Policy Objectives	Policy Measures/Instruments	Policy Outcome
2002 Feb	Major review of foreign worker policies • to control and regulate the intake of foreign workers • to reduce the magnitude of anyone one nationality • to ensure more systematic and transparent recruitment	Changes to duration of employment • Work permits given on a 3+1+1 ruling • Extension of working period for skilled workers in selected industries beyond 5 years • Limits on duration not applied to domestic maids Changes in the sectoral distribution and source country • Indonesian workers to be cut back by half – allowed to work in the plantation sector and as domestic maids. Ban on new recruitment of workers from Indonesia for all sectors, except domestic maids. • Workers from Uzbekistan, Kazakhstan and Turkmenistan approved • Non-export manufacturing with a paid-up capital of RM2 million allowed to import 1 foreign worker to 1 Malaysian worker. • Changes in recruitment procedures – recruitment to be carried out through G to G agreements.	• Employers were encouraged to train their workers • Restriction on Indonesian workers was lifted on January 2003.
2002 March	Amnesty granted to an estimated one million undocumented workers	• From March 21 to July 31	• Most effective – an estimated 570,000 undocumented workers left the country

Appendix I continued
Evolution of Foreign Labour Management Policies in Malaysia

Year	Policy Objectives	Policy Measures/Instruments	Policy Outcome
2002 August	Immigration Act was amended – Immigration (Amendment) Act, 2002 came into effect on August 1 2002	• Imposed heavier penalties on illegal immigrants and those found harbouring illegals • Ilegal entry imposed a maximum fine of RM10,000 or a jail term not exceeding 5 years or both and mandatory whipping • Those guilty of harbouring or employing illegals are fined between RM10,000 to RM50,000 per employee and a jail term not exceeding one year, and those employing more than 5 illegal immigrants are liable for mandatory whipping and jailed for a maximum of 5 years • Owners or tenants of buildings guilty of such offences would be fined between RM5,000 and RM30,000 and or a jail term not exceeding a year for each illegal immigrant found on the premises. For second and subsequent offences, the fine increases to between RM10,000 and RM60,000 and/or a jail term not exceeding 2 years for each illegal immigrant. • Project owners would be held responsible if illegal workers were found at their work sites.	• The severity of the punishment for illegals and those harbouring or employing illegals, especially the mandatory whipping, helped to drastically reduce the number of undocumented workers in the country.

Notes: MOHA refers to Ministry of Home Affairs
MOHR refers to Ministry of Human Resources
EPF refers to Employees Provident Fund

Country Report

People's Republic of China

by

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Recent Trends and Data of Economy, Labor Market and Migration in China for 2004

——A Country paper for the Workshop on International Migration and Labor Market in Asia
Feb. 5-6,2004 in Tokyo

By Ma Yongtang
Jen.21, 2004

Summary of the Report

(1) Recent trends in the domestic economy

Despite the frustration of the outbreak of the severe SARS epidemic and frequent natural disasters in 2003, China's economy maintained the same vigor as previous years, with even stronger internal drive. According to preliminary estimation and evaluation by China's National Bureau of Statistics (NBS), the Gross Domestic Product of China in 2003 was 11.6694 trillion yuan, up 9.1% over the previous year according to comparable prices, representing the highest growth since 1997. According to current exchange rate, the GDP of China in 2003 was equal to over 1.414 trillion US dollars, with the per capita GDP reaching 1,090 US dollars.

In terms of different industries, the value-added of the primary industry was 1724.7 billion yuan, up 2.5 percent, or 0.4 percentage point lower than the growth of the previous year. The value-added of the secondary industry was 6177.8 billion yuan, up 12.5 percent, or 2.7 percentage point higher than the year before. The tertiary industry stood at 3766.9 billion yuan, up 6.7 percent, or 0.8 percentage point lower than the previous year. In terms of different quarters, GDP in the first quarter was up 9.9 percent, the second 6.7 percent, the third 9.6 percent and the fourth 9.9 percent respectively.

The country's fixed asset investment grew by 26.7 percent. Foreign exchange reserve rose sharply to US$403.3 billion by the end of 2003.

The country’s total foreign trade volume hit a record US$841.21 billion in 2003, with a rise of 34.6 percent to a record US$438.37 billion in exports, and a surging 39.9 percent to US$412.84 billion in imports.

The country's consumer price index (CPI) increased by 1.2 percent in 2003. And the per capita disposable incomes grew faster in urban areas than the countryside with urban incomes up 9.3 percent while rural incomes rose 4.3 percent, reflecting a widening wealth gap.

The government should go on striving to create a fair and favorable environment for non-state capital and companies by speeding up the reform of administration and continuing to lower market entry requirements in an effort to maintain the internal drive.

The NBS predicted that the country's economy will grow above 7 percent year-on-year in 2004. The economy is expected to expand fairly fast in the first quarter, backed by continued investment growth. Consumer demand will be stronger and export growth is likely to slow down due to the change in the country's tax rebate policy and worldwide trade protectionism.

(2) Recent trends in the domestic labor market

The Chinese Government met its target of creating 8 million new jobs for job seekers, re-employment of 4 million laid-off workers and managed to keep the registered urban jobless rate at 4.3 percent, below the goal of 4.5 percent, in 2003. However, the employment pressure for the country still exists.

Since 1998, China has accelerated reforms of state-owned enterprises (SOEs) increasing both efficiency and the number of laid-off workers. About 27.8 million employees have lost their jobs owing to the amalgamation or bankruptcy of SOEs over the past five years. However, the re-employment rate for laid-off workers slid from 42 percent in 1999 to 36 per cent in 2000 and 30 per cent in 2001.

Meanwhile, surplus rural labourers flooded into the cities, widening the gap between labour supply and demand. But the wide use of information technology has cut back on employment in the industrial sector.

The unemployment issue is a result of China's historic economic restructuring and finding a way to address it is crucial to the country's future. The grave unemployment situation will be around for a very long time, in that the population will be increasing by about 8 million a year by 2010 despite a slowdown in births.

Facing the increasingly tougher unemployment issue, the government launched a series of policies favoring re-employment, involving social security subsidies, employment services, tax cuts and exemptions, and small loans for laid-off workers starting their own businesses. The government also focused more on the strategy of creating jobs in working out policies on readjusting the economic structure, lifting the ban on small firms' access to industries monopolized by large SOEs and reducing the red tape which still curbs the growth of small firms s.

In last December, Zheng Silin, minister of labor and social security, said that all targets of employment and reemployment set up for 2003 have been completed with the economy maintaining rapid growth and all policies favoring re-employment implemented. He also announced that the Ministry of Labor and Social Security plans to create 9 million new jobs, help 5 million laid-off workers find jobs and to keep the urban jobless rate at around 4.7 percent in 2004.

(3) Recent trends in migration

(a) Employment of foreigners in China

The employment of foreigners in China consists of two categories. The first category refers foreigners working in China with a status of invited foreign experts. The second category refers to those who have no permanent residence status and are engaged in remuneration work in China.

Foreign experts working in China are categorized into economic & technological experts, and cultural & educational experts. The former refers to those working in industries, commerce, finance, and foreign invested ventures. The latter refers to those working in institutions of higher learning, press and publishing, scientific research and art institutes. In the past decades, the number of foreign experts working in China added up to more than one million from more than 80 countries. After China accessing into WTO, the number of the Country employed foreign experts is increasing rapidly. In 2002,the number of foreign experts working in China amounted to 250,000, of whom 50,000 were cultural and educational experts. Besides that, there were also 190000 person/time were from Hong Kong SAR, Macao SAR and Taiwan region. Long-term experts occupied 42 percent of the total, while short-term ones occupied 58 percent.

Regarding the second category of foreigners working in China, there were about l20,000 foreigners employed in China in the period of l996-2001, and the number of foreigners working in China with work permit was over 70,000 by the end of 2002. The figure in 2003 was estimated much bigger than that of last year, though the exact figure has not been published yet.

(b) Overseas Employment

The overseas employment in China mainly consists of two categories: project engineering and international labor cooperation and overseas employment of individuals. Project engineering and labor cooperation abroad are major forms of overseas employment for Chinese citizens. In the past decades, the value of project engineering and labor contracts has amounted to over 130 billion USD, with more than 2.45 million workers worked overseas. From January to November 2003, 11.24 billion USD worth of project contracts were completed, increasing 32% more than the same period of last year; new contracts worth 14.46 billion USD signed, increasing 25.6% more than the same period of last year; 2. 86 billion USD worth of labor cooperation contracts were completed, increasing 8.8%; and new contracts worth 2.63 billion USD signed, increasing 14.2%; 180,000 workers engaging in engineering projects abroad, increasing 3.5% than the same period of last year; and 520,000 workers in total number providing labor service abroad, 35,000 persons more than same period of last year.

Individual overseas employment contributes a bit to the employment. Individual overseas employment holds a relative small portion in the total overseas employment. According to the estimated data from the Ministry of labor and Social Security, 1abourers employed abroad under the arrangement of overseas employment service agencies have added up to more than 80,000 since early 90s of last century and over 10,000 persons went abroad for employment in 2003. Up to now, there were about 238 overseas employment agencies approved by the Ministry of Labor and Social Security to engage in overseas employment service.

I.Main Report

(1) Introduction

Despite the frustration of the outbreak of the severe SARS epidemic and frequent natural disasters in 2003, China's economy maintained the same vigor as previous years, with even stronger internal drive. According to preliminary estimation and evaluation by China's National Bureau of Statistics (NBS), the Gross Domestic Product of China in 2003 was 11.6694 trillion yuan, up 9.1% over the previous year according to comparable prices, representing the highest growth since 1997. According to current exchange rate, the GDP of China in 2003 was equal to over 1.414 trillion US dollars, with the per capita GDP reaching 1,090 US dollars.

In terms of different industries, the value-added of the primary industry was 1724.7 billion yuan, up 2.5 percent, or 0.4 percentage point lower than the growth of the previous year. The value-added of the secondary industry was 6177.8 billion yuan, up 12.5 percent, or 2.7 percentage point higher than the year before. The tertiary industry stood at 3766.9 billion yuan, up 6.7 percent, or 0.8 percentage point lower than the previous year. In terms of different quarters, GDP in the first quarter was up 9.9 percent, the second 6.7 percent, the third 9.6 percent and the fourth 9.9 percent respectively.

The country's fixed asset investment grew by 26.7 percent. Foreign exchange reserve rose sharply to US$403.3 billion by the end of 2003.

The country’s total foreign trade volume hit a record US$841.21 billion in 2003, with a rise of 34.6 percent to a record US$438.37 billion in exports, and a surging 39.9 percent to US$412.84 billion in imports.

The country's consumer price index (CPI) increased by 1.2 percent in 2003. And the per capita disposable incomes grew faster in urban areas than the countryside with urban incomes up 9.3 percent while rural incomes rose 4.3 percent, reflecting a widening wealth gap.

The number of people newly employed in China's urban areas reached 8.5 million in 2003, exceeding the central government's initial expectation of eight million. In addition, the number of re-employed urban people last year reached 4.4 million, also exceeding the expected number of four million.

The NBS predicted that the country's economy will grow above 7 percent year-on-year in 2004. The economy is expected to expand fairly fast in the first quarter, backed by continued investment growth. Consumer demand will be stronger and export growth is likely to slow down due to the change in the country's tax rebate policy and worldwide trade protectionism.

(2) Domestic economy and labor market

(a) Recent trends in the domestic economy

Despite the frustration of the outbreak of the severe SARS epidemic and frequent natural disasters in 2003, China's economy maintained the same vigor as previous years, with even stronger internal drive. According to preliminary estimation and evaluation by China's National Bureau of Statistics (NBS), the Gross Domestic Product of China in 2003 was 11.6694 trillion yuan, up 9.1% over the previous year according to comparable prices, representing the highest growth since 1997. According to current exchange rate, the GDP of China in 2003 was equal to over 1.414 trillion US dollars, with the per capita GDP reaching 1,090 US dollars.

In terms of different industries, the value-added of the primary industry was 1724.7 billion yuan, up 2.5 percent, or 0.4 percentage point lower than the growth of the previous year. The value-added of the secondary industry was 6177.8 billion yuan, up 12.5 percent, or 2.7 percentage point higher than the year before. The tertiary industry stood at 3766.9 billion yuan, up 6.7 percent, or 0.8 percentage point lower than the previous year. In terms of different quarters, GDP in the first quarter was up 9.9 percent, the second 6.7 percent, the third 9.6 percent and the fourth 9.9 percent respectively.

The light industry grew at a faster rate and the heavy industry kept a swift growth. The production of state-owned enterprises and joint-stock enterprises grew distinctively, which drove the accelerated growth of the whole industry. In last November, the state-owned and state holding enterprises completed an added value of RMB 175.1 billions Yuan, up by 15.5% over the same month of the previous year, and the growth rate was 2.9% higher than that of the last month; the joint-stock enterprises completed an added value of RMB 164.3 billion Yuan, up by 20.5% over the same period of the previous year, and the growth rate was up by 2.1% over the last month.

The four industries, namely electronic communication equipment manufacturing, transport and communication facilities manufacturing, electric machinery and facilities manufacturing and metallurgy, are the main force driving the industrial production. In last November, the four industries contributed 46.9% to the industrial growth and drove the industrial growth of the month up by 8.4%.

The country’s total foreign trade volume hit a record US$841.21 billion in 2003, with a rise of 34.6 percent to a record US$438.37 billion in exports, and a surging 39.9 percent to US$412.84 billion in imports. Industrial product export held over a strong growth momentum. In last November, industrial enterprises realized an export value of shipment of RMB 261.4 billion Yuan, up by 29.6% over the same month of the previous year and the growth rate was higher. Wherein the electronic communication equipment manufacturing realized an export value of shipment of RMB 90.4 billion Yuan, up by 43.1% over the same month of the previous year, that of the electric machinery and equipment manufacturing industry grew by 32.7% and that of the textile industry grew by 25.5%.

The country's fixed asset investment grew by 26.7 percent. Foreign exchange reserve rose sharply to US$403.3 billion by the end of 2003.

The country's consumer price index (CPI) increased by 1.2 percent in 2003.Total column of retail sales of social consumables was much higher than last year. Commercial house sales increased by 43.9 percent and car sales by 77.1 percent in the first seven months over the same 2002 period.

And the per capita disposable incomes grew faster in urban areas than the countryside with urban incomes up 9.3 percent while rural incomes rose 4.3 percent, reflecting a widening wealth gap.

In 2004, the Chinese Government would go on striving to create a fair and favorable environment for non-state capital and companies by speeding up the reform of administration and continuing to lower market entry requirements in an effort to maintain the internal drive and economic growth.

(b) Recent trends in the domestic labor market

The Chinese Government met its target of creating 8 million new jobs for jobseekers, re-employment of 4 million laid-off workers and managed to keep the registered urban jobless rate at 4.3 percent, below the goal of 4.5 percent, in 2003. However, the employment pressure for the country still exists.

Since 1998, China has accelerated reforms of state-owned enterprises (SOEs) increasing both efficiency and the number of laid-off workers. About 27.8 million employees have lost their jobs owing to the amalgamation or bankruptcy of SOEs over the past five years. However, the re-employment rate for laid-off workers slid from 42 percent in 1999 to 36 percent in 2000 and 30 percent in 2001.

The registered jobless in cities reached 7.1 million, or 4 per cent of the overall labour force, by the end of last year. In rural areas, more than 100 million surplus farm labourers need to be fed, requiring a minimum 10 million non-farm jobs each year.

Meanwhile to create satisfactory job opportunities for demobilized servicemen and civil servants who are left without work as a result of reshuffles in the civil service is also a touchy job.

By most experts' reckoning, China will need more than 23 million non-farm jobs each year to satisfy this grave demand. However, only 8.35 million new jobs were created each year over the past five years - even with a 7.7 per cent average annual GDP (gross domestic product) growth rate.

The unemployment issue is a result of China's historic economic restructuring and finding a way to address it is crucial to the country's future. The grave unemployment situation will be around for a very long time, in that the population will be increasing by about 8 million a year by 2010 despite a slowdown in births.

Facing the increasingly tougher unemployment issue, the government launched a series of policies favoring re-employment, involving social security subsidies, employment services, tax cuts and exemptions, and small loans for laid-off workers starting their own businesses,

The government also focused more on the strategy of creating jobs in working out policies on readjusting the economic structure, lifting the ban on small firms' access to industries monopolized by large SOEs and reducing the red tape which still curbs the growth of small firms.

Premier Wen Jiabao called for great efforts to develop labor-intensive industries, the tertiary industry and the non-public economic sector mostly composed of small and medium-sized enterprises (SMEs), which were believed to be major sources of jobs.

A decision on issues regarding the improvement of the socialist market economic system, passed by the Third Plenary Session of the 16th Central Committee of the Communist Party of China (CPC) in October, also stressed the importance of increasing employment opportunities.

At the latest symposium on employment held in Beijing, President Hu Jintao called on governments at all levels to place the issue of employment on a "more prominent position" on their agenda. And Premier Wen Jiabao went as far to say that top local authorities be held accountable for generating employment; while urging for the introduction of various pro-employment policies.

In last December, Zheng Silin, minister of labor and social security, said that all targets of employment and reemployment set up for 2003 have been completed with the economy maintaining rapid growth and all policies favoring re-employment implemented. He also announced that the Ministry of Labor and Social Security plans to create 9 million new jobs, help 5 million laid-off workers find jobs and to keep the urban jobless rate at around 4.7 percent in 2004.

(3) Migration

(a) Employment of foreigners in China

The employment of foreigners in China can be divided into two categories. The first category refers foreigners working in China with a status of invited foreign experts. The second category of foreigners working in China refers to those who have no permanent residence status and are engaged in remuneration work in China. The most difference between the two categories is that, the first category of foreigners are invited as experts; and the second category of foreigners are employed in non-state-owed enterprises or employing units. The Ministry of labor and Social Security is responsible for the policy-making on foreigner's employment in China.

Foreign experts working in China are categorized into economic & technological experts, and cultural & educational experts. The former refers to those working in industries, commerce, finance, and foreign invested ventures. The latter refers to those working in institutions of higher learning, press and publishing, scientific research and art institutes. In the past decades, the number of foreign experts working in China added up to more than one million from more than 80 countries. After China accessing into WTO, the number of the Country employed foreign experts is increasing rapidly. In 2001,the number of foreign experts working in China amounted to 250,000, of whom 50,000 were cultural and educational experts. Besides that, there were also 190000 person/time were from Hong Kong SAR, Macao SAR and Taiwan region. Long-term experts occupied 42 percent of the total, while short-term ones occupied 58 percent.

The second category of foreigners working in China refers to those who have no permanent residence status and are engaged in remuneration work in China. With the development of reform and opening to the outside, more and more foreign investment flows into China and some non-state-owed enterprises or employing units want to employ foreigners in line with their need. However, Different from the situation in other countries where governments permit foreigners to be employed in their country in the aim of making up the shortage of labor force, China is a country with rich labor resources and low labor cost, the Chinese government has formulated a policy of attracting senior technical and managerial personnel but restricting unskilled laborers in foreigner's employment in China. According the Ministry of labor and Social Security, there were about l20,000 foreigners employed in China in the period of l996-2001, and the number of foreigners working in China with work permit was over 70,000 by the end of 2002. The figure in 2003 was estimated much bigger than that of last year, though the exact figure has not been published yet.

With a view to regulating the employment of foreigners in China, the Chinese government issued in January 1996 the *Rules on the Administration of Employment of Foreigners in China*, which was promulgated by four ministries and put into effect in May 1st of the same year. According to the Rules, employers should apply for employment permission for the foreigners whom they wish to employ and obtain Employment License for them. The jobs to be filled by foreigners should be those specially needed but could not be filled by qualified domestic employees at the time being and the employment of foreigners shall not violate any regulations. The basic principles should be beneficial to promote the Chinese economic development and secure Chinese civilian's employment rights; should depend on the requirement of the Chinese labor market and foreigners should be those senior professionals and skilled persons with the work and residence permits.

The procedures of applying for work permit, work visa and residence in China for foreigners**.** The employer or employing unit who want to employ foreigners to work in China should first apply work permit through their labor management organs or authorities at the Provincial Labor and Social Security Departments. After they get the work permit certificate for the prospective employee, the employer or employing unit may send work visa notification and work permit certificate to the person they will offer job to. Then, he or she may go through visa formalities at their country's local Chinese Embassy or Consulate. Those who have work visa should first sign labor contract with their employers or employing unit as soon as they arrived in China. Meanwhile the employer and employing unit must take the prospective employee's work permit to go to the department concerned to apply work and resident certificates for him/her. Labor contract and effective visa can be applied at the local provincial labor and social security department and local Public Security. Those who have got above-mentioned two certificates mean that they can work and live under the shelter of legislative protection in China.

The Rules stipulate that one of the following categories of foreigners can be exempted from getting employment license and permission from the Ministry of Labor and Social Security:

a) Foreign experts invited by Chinese Government or government departments and institutions who have the Foreign Expert Card issued by the State Bureau of Foreign Experts;

b) Foreign workers engaging in off-shore oil drilling operation without need going ashore; and

c) Foreigners making commercial performance with the Provisional Permit on Commercial Performance issued by the Ministry of Culture.

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

(b) Overseas Employment

The overseas employment in China mainly consists of two categories: project engineering and international labor cooperation and overseas employment of individuals. Project engineering refers to contracting and implementing engineering projects abroad for foreign governments, enterprises, individuals and international organizations on the basis of international bidding; international labor cooperation refers to exporting laborers abroad for economic, social, science and technology activities under contracts with foreign governments, institutions, enterprises and individual employers in the view of earning remuneration. Overseas individual employment refers to laborers going abroad for employment as an individual under the arrangement of employment service agencies. Among the above two categories, the first one has carried out for some 30 years while the second has been developing from l990s. Though the individual overseas employment is still in a small scale at present, it is speeding up rapidly among the young generation. The

Ministry of Labour and Social Security and the Ministry of Commerce, formally Ministry of Foreign Trade and Economic Cooperation are separately responsible for the work of overseas employment affairs in China.

Project engineering and labor cooperation abroad are major forms of overseas employment for Chinese citizens. Most of labor contracts concerned are short-term of 1-2 years and workers have to return China after expiration of contracts. In the past decades, the value of project engineering and labor contracts has amounted to over 130 billion USD, with more than 2.45 million workers worked overseas. From January to November 2003, 11.24 billion USD worth of project contracts were completed, increasing 32% more than the same period of last year; and new contracts worth 14.46 billion USD signed, increasing 25.6% more than the same period of last year. In the same period, 2. 86 billion USD worth of labour cooperation contracts were completed, increasing 8.8% than the same period of last year; and new contracts worth 2.63 billion USD signed, increasing 14.2% than the same period of last year; 180,000 workers engaging in engineering projects abroad, increasing 3.5% than the same period of last year; and 520,000 workers in total number providing labour service abroad, 35,000 persons more than same period of last year.

Exporting of seamen including fishers is an important part of overseas labour services in China. Since 1970s, there have been 140,000 seamen have employed on foreign ships and 20,000 are working abroad at present. With a view to accelerating the development of seamen exporting and protect the interests of Chinese seafarers, the Chinese Government has also adopted regulations concerning administration of business in this connection.

Regarding the market sharing, China's project engineering and labor cooperation business have extended to 180 countries and territories. At present, some 1,600 companies approved by the Ministry of Commerce undertake international project and labor services. 34 Chinese enterprises are in the list of the 225 biggest world contractors by the Engineering News Record (ENR) of the United States.

Individual overseas employment contributes a bit to the employment. Individual overseas employment holds a relative small portion in the total overseas employment. The competent department responsible for the administration of the matter is the Ministry of labor and Social Security. According to the estimated data from the Ministry, 1abourers employed abroad under the arrangement of overseas employment service agencies have added up to more than 80,000 since early 90s of last century and over 10,000 persons went abroad for employment in 2003. Up to now, there were about 220 overseas employment agencies approved by the Ministry of Labor and Social Security to engage in overseas employment service.

The major operational means and ways that China has run the overseas employment are as follows:
——Labor-force export through signing bilateral government agreements on labour cooperation, such as Sino-Russian labour Cooperative Agreement.

——Labor-force export through overseas projects contracts. The type and number of the expertise for the dispatched labor-force depend on the actual needs of the projects or programs. It also depends on the rules and restrictions that the project owner requires for the labor-force.

——Labor-force export through the overseas employer's contracts. The characteristic of this kind of labor-force export is in the needs of the overseas employers.
——Labor-force export through setting up joint ventures abroad. The Chinese side as one of the cooperative business partners dispatches workforce required by those overseas joint ventures.

——Labor force export through individual, relative or self-employment abroad. The Chinese civilians go abroad to work through the introduction or referral of their overseas relatives, friends, colleagues or invited by foreign employers.

Laws and regulations on the overseas employment includes: *Regulations on Auditing Foreign Labour Cooperative Projects, Regulations on management of Training of Workers sending Abroad, Transit Regulation on Establishment of Job Introducing Organization of Sino-Foreign Joint Venture and Sino-Foreign Cooperation," Regulation on Management of Intermediary Service of Overseas Employment*, a great number of international companies for economic and technical exchange and overseas employment intermediary services have been set up in succession. According to the Provisional Regulation on Sino-foreign Joint and Cooperative Employment Service Agency issued December, 2001, the business of such agencies include, among others, service for Chinese laborers to go abroad for employment. Foreign-funded employment service agencies, however, are not permitted in China at present.

Problems and constraints in the Chinese overseas employment are as follows: comparing with those traditional labor exporting countries, international labor cooperation is not considered as equal important as that of international trade; the legislation and management system in this connection are not perfect; labor exporting channels are not enough to meet the needs; there are unlawful labor exporting activities; laborers feel difficult to adapt themselves to the environments and competition abroad partly because of their qualities; and the legal rights and interests of laborers are not guaranteed sufficiently. Regarding the administration of the overseas employment work, towing to the different departments management, there are some difficulties in co-ordination of the work, such as collecting data statistics. In view of this situation, Chinese government has taken series measures such as taking labor exporting as part of service trade and improving regulations and rules concerned, developing more international labor cooperation channels and simplifying procedures for laborers going abroad; carrying out training activities for laborers to improve their technical and personal skills like language and computing.

II. Country Data

(1) Principal economic indicators

Figure 1. GDP Growth

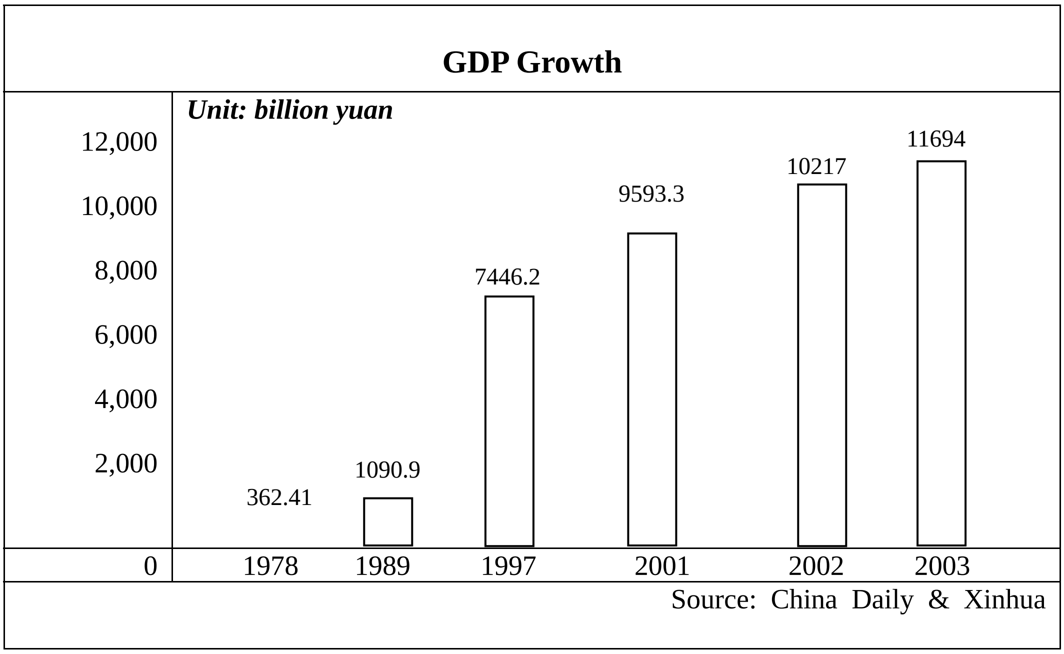

Figure 2. Fiscal Revenue

The financial resources at the government's disposal increased to 2 trillion yuan (US$243 billion) in 2003 from 293.7 billion yuan (US$35.5 billion) in 1990.

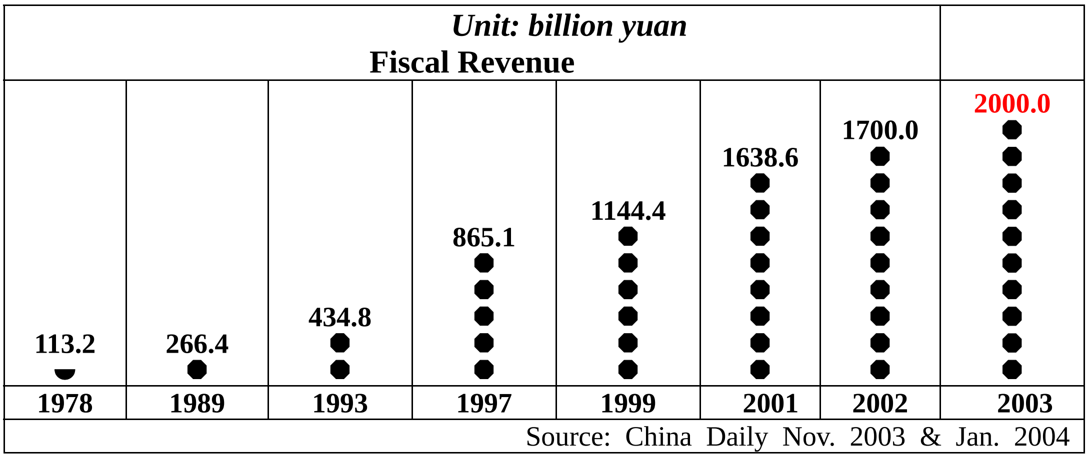

Figure 3. Foreign Exchange Reserves

Unit: US$ Billion

Foreign Exchange Reserves

Dec.1978	Dec.1989	Dec.1997	Nov.2002	Nov.2003
0.17	5.55 $$	139.80 $$ $$ $$ $$	274.6 $$ $$ $$ $$ $$ $$	403.36 $$ $$ $$ $$ $$ $$ $$ $$ $$

Source: China Daily Nov. 2003

Figure 4. Foreign Trade

Unit: US$ Billion import Export

Foreign Trade

1985	1990	1995	2001	Jan.~Nov. 2002	2003
42.3 27.4	53.4 62.1	132.1 148.8	243.6 266.2	266.5 293.7	412.8 438.4

Source: China Daily & Xinhua

Figure 5. Growth of Industrial Export

China National Bureau of Statistics reported that for the first 10 months of 2002, the country's industrial output grows a year-on-year 12.3 percent to 2,531.7 billion Yuan (US$305 billion). Three major industries of electrics and telecommunications equipment manufacturing, transportation equipment manufacturing, and the chemical industry accounted for 38.6 percent of the industrial output.

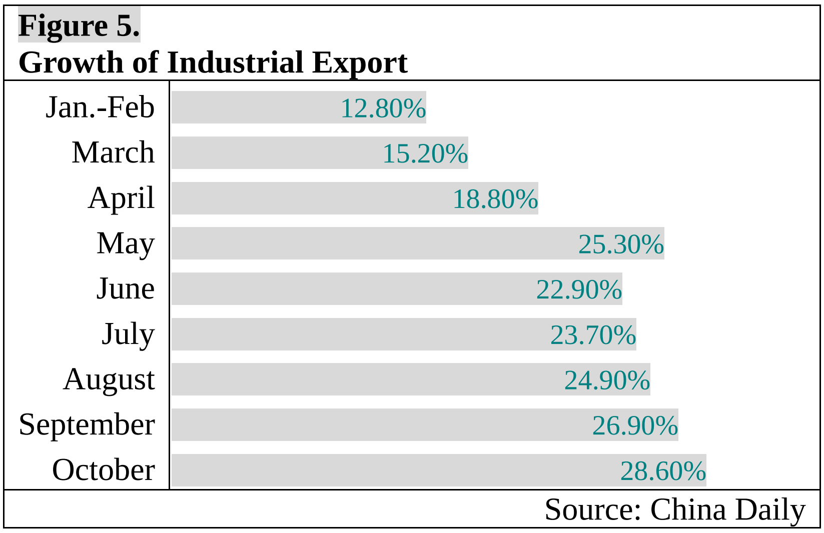

Table 1. Gross Domestic Product Gross National Product

Year	Gross Domestic Income Value((1 billion yuan)	%	Gross National Product yuan)	Primary Industry Value((1 billion Value	%	Secondary Industry Value((1 billion Value	%	Tertiary Industry Value((1 billion Value	%	Per Capita GDP %
1994	4667.0		46759.4	9457. 2		237.22		1493.00		3923
1995	5749.49		5847.81	1199.30		2853.79		1794.72		4854
1996	6685.05		6788.46	1384.42		3361.29		2042.75		5576
1997	7314.27		7446.26	1421.12		3722.27		2302.87		6054
1998	7696.77		7834.52	1455.24	3.5	3861.93	8.9	2517.35	8.3	6038
1999	8057.94	7.1	8206.75	1447.20	2.8	4055.78	8.1	2703.77	7.5	6551
2000	8825.40	8.0	8946.81	1462.82	2.4	4493.53	9.6	2990.46	7.8	7086
2001	9572.7	7.3	9731.48	1541.18	2.8	4875.00	8.7	3315.30	7.4	7651
2002	10355.36	8.0	10479.06	1611.73	2.9	5354.07	9.9	3513.26	7.3	8184
2003	11694.00	9.1		1724.70	2.5	6177.80	12.5	3766.90	6.7	

a) Since 1980, the difference between the Gross Domestic Product and the Gross National Income (formly, the Gross National Product) has been the net factor income from abroad.

b) Data in value terms in this table are calculated at current prices.

Table 2. Household Consumption

	Value(yuan)			(Urban House-holds =1)	Index (preceding year=100)		Index (1978=100)			
Year	All House-	Rural House-	Urban House-	Urban/Rural Consumption hold	All House-hold	Rural House-holds	Urban House-Ratio	All House-holds	Rural House-holds	urban House-holds
1978	184	138	405	2.9	104.1	104.3	103.3	100.0	100.0	100.0
1980	236	178	496	2.8	108.7	108.8	106.3	115.8	115.5	111.9
1985	437	347	802	2.3	113.1	114.1	108.2	181.3	194.4	147.5
1989	762	553	1568	2.8	99.5	99.2	98.4	213.8	218.8	184.4
1990	803	571	1686	3.0	103.4	100.3	107.5	221.0	219.5	198.1
1991	896	621	1925	3.1	108.3	106.7	109.3	239.4	234.2	216.6
1992	1070	728	2356	3.3	112.9	109.8	115.4	270.3	257.2	249.9
1993	1331	855	3027	3.5	108.1	106.1	108.9	292.2	272.8	272.1
1994	1746	1118	3891	3.5	104.3	104.6	101.7	304.8	285.4	276.7
1995	2236	1434	4874	3.4	107.5	108.2	104.6	327.7	308.7	289.6
1996	2641	1768	5430	3.1	109.1	114.0	102.5	357.5	351.9	296.7
1997	2834	1876	5796	3.1	104.2	103.3	103.5	372.4	363.6	307.0
1998	2972	1895	6217	3.3	105.5	101.8	108.3	393.1	370.2	332.4
1999	3138	1927	6796	3.5	107.9	104.7	111.3	424.2	387.6	370.0
2000	3397	2037	7402	3.6	109.1	104.9	113.1	462.7	406.6	418.5
2001	3609	2156	7761	3.6	106.1	104.4	107.5	491.0	424.6	449.8
2002	3791	2259	7972	3.5	106.1	103.9	107.9	521.1	441.3	485.1

Absolute figures in this table are calculated at current prices,

while indices are calculated at comparable prices.

Table.3 Balance of Payments (2002)

(USD 1000)

Item	Balance	Credit	Debit
I. Current Account	**35421968**	**387534971**	**352113002**
A. Goods and Service	37382671	365395328	328012657
a.Goods	44166574	325650823	281484248
b.Service	-6783903	39744505	46528408
1.Transportation	-7891696	5720208	13611903
2.Tourism	4986584	20385000	15398416
3.Communication Service	79688	550107	470419
4.Construction Service	282587	1246448	963861
5.Insurance Service	-3036793	208944	3245738
6.Financial Service	-38832	51009	89842
7.Computer and Information Service	-494687	638167	1132854
8.Fee for Patent or Royalty	-2981182	132822	3114004
9.Consultation	-1345589	1284937	2630527
10Advertisement and Publicity	-21601	372846	394447
11.Movies and Audio-video Products	-66350	29674	96024
12.Other Commercial Service	3829110	8761083	4931974
13.Government Service not Elsewhere Classified	-85142	363258	448400
B.Income and Profit	-14945148	8344269	23289418
1. Compensation of Staff and Workers	-276575	673752	950327
2. Profit from Investment	-14668573	7670517	22339091
C. Current Transfer	12984445	13795373	810928
1.Governments	-73650	86492	60142
2.Other Departments	13058095	13708881	650786
II.Capital and Finance Account	**32290837**	**128321306**	**96030469**
A. Capital Account	-49631	0	49631
B. Financial Account	32340469	128321306	95980838
1. Direct Investments	46789569	53073619	6284050
1.1 Chinese Direct Investments Abroad	-2518407	330619	2849026
1.2 Foreign Direct Investments in China	49307977	52743000	3435023
2. Securities	-10342485	2286616	12629101
2.1 Assets	-12094510	14734	12109244
2.1.1 Capital Stock	0	0	0
2.1.2 Liability Stock	-12094510	14734	12109244
2.1.2.1 (Metaphase) Long-term Bonds	-3273190	14734	3287924
2.1.2.2 Money Market Tools	-8821320	0	8821320
2.2 Liabilities	1752025	2271882	519857
2.2.1 Capital Stock	224900	2249000	0
2.2.2 Liability Stock	-496975	22882	519857
2.2.2.1 (Metaphase) Long-term Bonds	-505077	480	505557
2.2.2.2 Money Market Tools	8102	22402	14300
3. Other Investments	-4106616	72961072	77067687
3.1 Assets	-3076740	1377338	16850123
3.1.1 Trade Credit	1098006	1098006	0
Long Term	0	0	0
Short Term	1098006	1098006	0
3.1.2 Loans	-5391120	346619	5737739
Long Term	-29000	0	29000
Short Term	-5362120	346619	5708739
3.1.3 Currencies and Deposit	-2486288	1358664	3844951
3.1.4 Other Assets	3702661	10970094	7267432
Long Term	0	0	0
Short Term	3702661	10970094	7267432
3.2 Liabilities	-1029876	59187689	60217564
3.2.1 Trade Credit	2849350	2849350	0
Long Term	0	0	0
Short Term	2849350	2849350	0
3.2.2 Loans	-4139624	52077237	56216860
Long Term	-4531037	18369855	22900893
Short Term	391414	33707381	33315968
3.2.3 Currencies and Deposits	286818	4102502	3815685
3.2.4 Other Liabilities	-26419	158600	185019
Long Term	7149	76656	69507
Short Term	-33568	81944	115512
III.Reserve Assets	**-7550**	**7060 0**	**75507060**
3.1 Gold Reserves	0	0	0
3.2 SDR (Special Drawing Rights)	-143170	0	143170
3.3 China's Reserve in IMF (International Monetary Fund)	-1121741	0	1121741

3.4 Foreign Exchange	-74242150	0	74242150
3.5 Other Creditor's rights	0	0	0
IV.Net Error and Omission	**794255**	**7794255**	**0**

a) Trade data in the table are from customs statistics.

b) Credit data on direct investment in the table are from statistics and from "Approved Leasing of Land" in indirect reporting, both collected by the Ministry of Foreign Trade and Economic Cooperation, and debit data are from indirect reporting.

c) Other data in the table are from indirect reporting.

Table 4. Total Investment in Fixed Assets

Item	2001	2002	Increase Rate in 2002 over 2001 (%)
Total Investment (100 million yuan)	**37213.49**	**43499.91**	**16.9**
Grouped by Ownership			
State-owned Units	17606.97	18877.35	7.2
Collective-owned Units	5278.57	5987.43	13.4
Rural	4235.72	4887.91	15.4
Individuals Economy	5429.57	6519.19	20.1
Rural	2976.56	3123.23	4.9
Joint Ownership Economic Units	94.52	138.19	46.2
Share Holding Economic Units	5663.4	8328.81	47.1
Foreign Funded Economic Units	1415.40	1685.42	19.1
Economic Units with Funds from	1583.29	1765.33	11.5
Hong Kong, Macao and Taiwan Others	141.68	198.19	39.9
Grouped by Channel of Management			
Capital Construction	14820.10	17666.62	19.2
Innovation	5923.76	6750.55	14.0
Real Estate Development	6344.11	7790.92	22.8
Others	10125.52	11291.82	11.5
Grouped by Source of Fund			
State Budgetary Appropriation	2546.42	3160.96	24.1
Domestic Loans	7239.79	8859.07	22.4
Foreign Investmen	1730.73 2	084.98	20.5
Fundraising	19903.12	22813.69	14.6
Others	6566.92	8128.22	23.8
Grouped by Use of Funds			
Construction and Installation	22954.88	26578.89	15.8
Purchase of Equipment and Instruments	8833.79	9884.47	11.9
Others	5424.83	7036.55	29.7
Floor Space of Buildings (10 000 sq.m)			
Floor Space under Construction	276025.40	304428.15	10.3
Floor Space Completed	182437.05	196737.87	7.8
Residential Buildings	130419.64	134002.10	2.7

a) Total investment grouped by source of funds refers to financial appropriation, and the subentry figures do not add up to the total. The same as in the following tables.

b) The growth rates are calculated without removing the factor of price. The same as in the following tables.

Table 5. Total Value of Imports and Exports

Year	100 million Yuan				USD 100 million			
	Total Imports& Exports Exports	Total Exports	Total Imports	Balance	Total Imports & Exports Exports	Total Exports	Total Imports	Balance
1994	20381.9	10421.8	9960.1	461.7	2366.2	1210.1	1156.1	54.0
1995	23499.9	12451.8	11048.1	1403.7	2808.6	1487.8	1320.8	167.0
1996	24133.8	12576.4	11557.4	1019.0	2898.8	1510.5	1388.3	122.2
1997	26967.2	15160.7	11806.5	3354.2	3251.6	1827.9	1423.7	404.2
1998	26849.7	15223.6	11626.1	3597.5	3239.5	1837.1	1402.4	434.7
1999	29896.2	16159.8	13736.4	2423.4	3606.3	1949.3 1	657.0	292.3
2000	39273.2	20634.4	18638.8	1995.6	4742.9	2492.0	2250.9	241.1
2001	42183.6	22024.4	20159.2	1865.2	5096.5	2661.0	2435.5	225.5
2002	51378.2	26947.9	24430.3	2517.6	6207.7	3256.0	2951.7	304.3

a) Data in 1978 were obtained from the Ministry of Foreign Trade, and the data since 1980 have been obtained from the customs statistics

b) A negative balance indicates an unfavourable balance of foreign tr

Table 6. Utilization of Foreign Capital

(USD 100 million)

Year	Total		Foreign Loans		Direct Foreign Investments		Other Foreign Investments
	Number of Projects	Value	Number of Projects	Value	Number of Projects	Value	
Total Amount of Foreign Capital to Be Utilized through the Signed Agreements and Contracts							
1979-1984	3365	287.69	117	169.78	3248	103.93	13.98
1985	3145	98.67	72	35.34	3073	59.31	4.02
1989	5909	114.79	130	51.85	5779	56.00	6.94
1990	7371	120.86	98	50.99	7273	65.96	3.91
1991	13086	195.83	108	71.61	12978	119.77	4.45
1992	48858	694.39	94	107.03	48764	581.24	6.12
1993	83595	1232.73	158	113.06	83437	1114.36	5.31
1994	47646	937.56	97	106.68	47549	826.80	4.08
1995	37184	1032.05	173	112.88	37011	912.82	6.35
1996	24673	816.10	117	79.62	24556	732.77	3.71
1997	21138	610.58	137	58.72	21001	510.04	41.82
1998	19850	632.01	51	83.85	19799	521.02	27.14
1999	17022	520.09	104	83.60	16918	412.23	24.26
2000	22347	711.30			22347	623.80	87.50
2001	26140	719.76			26140	691.95	27.81
2002	34171	847.51			34171	827.68	19.82
Total Amount of Foreign Capital Actually Used							
1979-1984		171.43		130.41		30.60	10.42
1985		44.62		25.06		16.58	2.98
1989		100.59		62.86		33.92	3.81
1990		102.89		65.34		34.87	2.68
1991		115.54		68.88		43.66	3.00
1992		389.60		79.11		110.07	2.84
1993		389.60		111.89		275.15	2.56
1994		432.13		92.67		337.67	1.79
1995		481.33		103.27		375.21	2.85
1996		548.04		126.69		417.25	4.10
1997		644.08		120.21		452.57	71.30
1998		585.57		110.00		454.63	20.94
1999		526.59		102.12		403.19	21.28
2000		593.56		100.00		407.15	86.41
2001		496.72				468.78	27.94
2002		550.11				527.43	22.68
1979-2002		6234.18		1471.57		4462.55	300.06

(2) Statistics on labour market

Table 7. Average Wage of Staff and Workers and Related Indices

Year	Average Money Wage (yuan)				Average Money Wage (preceding year=100)				Average Real Wage (preceding year=100)			
	Total	State-owned Units	Urban Collective-owned Units	Units of Other Types Ownership	Total	State-owned of Units Units	Urban Collective-owned Ownership	Units of Other Types Units	Total	State-owned of Units	Urban Collective-owned Unit	Units of Other Types of Ownership
1978	615	644	506		106.8	107.0	105.9		106.0	106.2	105.1	
1980	762	803	623		114.1	113.9	114.9		106.1	106.0	106.9	
1985	1148	1213	967	1436	117.9	117.3	119.2	137.0	105.3	104.8	106.6	122.5
1989	1935	2055	1557	2707	110.8	110.9	109.2	113.6	95.2	95.4	93.9	97.7
1990	2140	2284	1681	2987	110.6	111.1	108.0	110.3	109.2	109.7	106.6	108.9
1991	2340	2477	1866	3468	109.3	108.5	111.0	116.1	104.0	103.2	105.6	110.5
1992	2711	2878	2109	3966	115.9	116.2	113.0	114.4	106.7	107.0	104.1	105.3
1993	3371	3532	2592	4966	124.3	122.7	122.9	125.2	107.1	105.7	105.9	107.9
1994	4538	4797	3245	6303	134.6	135.8	125.2	126.9	107.7	108.7	100.2	101.5
1995	5500	5625	3931	7463	121.2	117.3	121.1	118.4	103.8	100.4	103.7	101.4
1996	6210	6280	4302	8261	112.9	111.6	109.4	110.7	103.8	102.6	100.6	101.7
1997	6470	6747	4512	8789	104.2	107.4	104.9	106.4	101.1	104.2	101.7	103.2
1998	7479	7668	5331	8972	106.6	106.1	102.5	97.7	107.2	106.7	103.1	98.3
1999	8346	8543	5774	9829	111.6	111.4	108.3	109.6	113.1	112.9	109.7	111.0
2000	9371	9552	6262	10984	112.3	111.8	108.5	111.8	111.4	110.9	107.6	110.9
2001	10870	11178	6867	12140	116.0	117.0	109.7	110.5	115.2	116.2	108.9	109.7
2002	12422	12869	7667	13212	114.3	115.1	111.6	108.8	115.5	116.3	112.7	109.9

Table 8. Population and Its Composition

(10 000 persons)

Year	Total Population (year-end)	By Sex				By Residence			
		Male		Female		Urban		Rural	
		Popula-tion	Population Proportion	Popu-lation	Population Proportion	Population	Population Proportion	Popu-lation	Population Proportion
1978	96259	49567	51.49	46692	48.51	17245	17.92	79014	82.08
1994	119850	61246	51.10	58604	48.90	34169	28.51	85681	71.49
1995	121121	61808	51.03	59313	48.97	35174	29.04	85947	70.96
1996	122389	62200	50.82	60189	49.18	37304	30.48	85085	69.52
1997	123626	63131	51.07	60495	48.93	39449	31.91	84177	68.09
1998	124761	63940	51.25	60821	48.75	41608	33.35	83153	66.65
1999	125786	64692	51.43	61094	48.57	43748	34.78	82038	65.22
2000	126743	65437	51.63	61306	48.37	45906	36.22	80837	63.78
2001	127627	65672	51.46	61955	48.54	48064	37.66	79563	62.34
2002	128453	66115	51.47	62338	48.53	50212	39.09	78241	60.91

a) Data before 1982 were taken from the annual reports of the Ministry of Public Security. Data in 1982-1989 were adjusted on the basis of the 1990 national population censuses. Data in 1990-2000 were adjusted on the basis of the estimated on the basis of the 2000 national population censuses. Data in 2001 and 2002 have been estimated on the basis of the annual national sample surveys on population changes. (the next table is the same).

b) Total population and population by sex include the military personnel of Chinese People's Liberation Army, the military personnel are classified as urban population in the item of population by residence.

c) Data in this table exclude the population of Hong Kong SAR, Macao SAR and Taiwan Province.

Table 9. Employment and Unemployment Situation

Item	1999	2000	2001	2002
Economically Active Population (10 000 persons)	**72791**	**73992**	**74432**	**75360**
Total Number of Employed Persons (10 000 persons)	**71394**	**72085**	**73025**	**73740**
Primary Industry	35768	36043	36513	36870
Secondary Industr	16421	16219	16284	15780
Tertiary Industry	19205	19823	20228	21090
Composition of Employed Persons (total=100)				
Primary Industry	50.1	50.0	50.0	50.0
Secondary Industry	23.0	22.5	22.3	21.4
Tertiary Industry	26.9	27.5	27.7	28.6
Number of Employed Persons by Urban and Rural Areas (10 000 persons)				
Urban Employed Persons	22412	23151	23940	24780
State-owned Units	8572	8102	7640	7163
Urban Collective-owned Units	1712	1499	1291	1122
Cooperative Units	144	155	153	161
Joint Ownership Units	46	42	45	45
Limited Liability Corporations	603	687	841	1083
Share-holding Corporations Ltd.	420	457	483	538
Private Enterprises	1053	1268	1527	1999
Units with Funds from Hong Kong, Macao & Taiwan	306	310	326	367
Foreign Funded Units	306	332	345	391
Self-employed Individuals	2414	2136	2131	2269
Rural Employed Persons	48982	48934	49085	48960
Township and Village Enterprises	12704	12820	13086	13288
Private Enterprises	969	1139	1187	1411
Self-employed Individuals	3827	2934	2629	2474
Number of Staff and Workers (10 000 persons)	**11773**	**11259**	**10792**	**10558**
State-owned Units	8336	7878	7409	6924
Urban Collective-owned Units	1652	1447	1241	1071
Units of Other Types of Ownership	1785	1935	2142	2563
Number of Female Employment in Urban Units (10 000 persons)	**4613**	**4411**	**4226**	**4156**
Number of Registered Unemployed Persons in Urban Areas (10 000 persons)	**575**	**595**	**681**	**770**
Registered Unemployment Rate in Urban Areas (%)	**3.1**	**3.1**	**3. 6**	**4.0**

a) Since 1990 data on economically active population, the total employed persons and the sub-total of employed persons in urban and rural areas have been adjusted in accordance with the data obtained from the 5th National Population Census. As a result, the sum of the data by region, by ownership or by sector is not equal to the total. The same as in the following tables.

(3) Statistics on migration

Table 10. Economic Cooperation with Foreign Countries or Territories

Year	Number of Countries or Territories with Contracts Signed	Number of Contracts	Contacted Value	Value of Business Fulfilled (USD 100 million)
	Total	**206048**	**1114.12**	**809.33**
1996	178	24891	102.73	76.96
1997	181	28442	113.56	83.83
1998	188	25955	117.73	101.34
1999	187	21126	130.02	112.35
2000	181	23565	149.43	113.25
2001		39400	164.55	121.39
2002		34461	178.91	143.52
2003				
Contracted Projects				
1996		1634	77.28	58.21
1997		2085	85.16	60.36
1998		2322	92.43	77.69
1999		2527	101.99	85.22
2000		2597	117.19	83.79
2001		5836	130.39	88.99
2002		4036	150.55	111.94
2003(Jan to Nov.)				112.40
Labor Cooperation				
1996		22723	22.80	17.12
1997		25743	25.50	21.65
1998		23191	23.90	22.76
1999		18173	26.32	26.23
2000		20474	19.91	28.13
2001		33358	33.28	31.77
2002		30163	27.52	30.71
2003(Jan to Nov.)				28.60

Source: above all tables are from *China Statistical Yearbook, 2003.*

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Country Report

Philippines

by

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Recent Trends in International Movements and Policies: The Philippines, 2003[1]

by
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Summary of The Philippines, 2003

Despite the many threats to growth that continued to plague the country, the Philippine economy managed to grow in 2003. The Philippines withstood the combined effects of the SARS outbreak, the El Nino, the war in Iraq, a failed mutiny, and continuing peace and order problems to register positive growth. In 2003, GDP increased slightly to 4.5 percent from 4.4 percent in 2002. On the other hand, GNP accelerated to 5.5 percent from 4.5 percent the previous year. The increase was due to the surge in the Net Factor Income from Abroad (NFIA) consisting primarily of remittances from overseas Filipino workers (OFWs).

However, the peace and order situation in the country and the threats to security continued to affect the investment climate of the Philippines. The approved foreign direct investments declined from 36.1 billion pesos for the first nine months of 2002 to 19.9 billion pesos for the same period in 2003.

Current Labour Market

The labour force participation rate of the Philippines declined from 67.4 percent in 2002 to 66.7 percent in 2003. Although employment grew by 1.9 percent in 2003, this growth was lower that 3.1 percent increase in 2002. Consequently, fewer jobs (566,000) were created in 2003 compared to 2002 (906,000). On the other hand, the unemployment rate (11.4 percent) and the underemployment rate (17.0 percent) remained unchanged from the previous year.

International Labour Migration Flows

The outflow of overseas Filipino workers (OFWs) declined by 7 percent in the first seven months of 2003 due largely to the fall in the deployment figures among land-based workers (-10.3 percent). The decline was particularly marked among rehires (-12.3 percent) than the new hires (-2.1 percent). As in previous years, the bulk of the newly hired workers that left the country in 2003 consisted of production, transport equipment operators and laborers (25.5 percent), entertainers (24.3 percent), and domestic helpers (19.3 percent). However, it is significant to note that the proportion of caregivers among the newly hired workers has been increasing from 0.2 percent in 2001 to 7.8 percent in 2003.
Remittances

Despite the contraction in the deployment figures of overseas Filipino workers in 2003, the foreign exchange remittances increased in the first three quarters of 2003 albeit at a slower pace compared to the previous year. The remittances reached 5.662 billion dollars from January to September, an increase of 5.1 percent from the 5.389 billion dollars in 2002.

Filipino Emigrants

The number of Filipino emigrants increased from 31,287 in 2001 to 36,555 in 2002. The United States remains the preferred country of settlement by a majority of Filipino emigrants, followed by Canada, and Japan. Six out of every 10 emigrants are females. They are generally young, with a majority of Filipino emigrants falling below 35 years of age.

Legal Foreign Workers in the Philippines

The profile of legal foreign workers in 2002 has not changed significantly from previous years. They have remained generally small in number, constituting 0.3164 of the labour force in 2002. While this is so, the number of foreign workers in the Philippines increased by 56.8 percent in 2002, raising the number from 6,850 in 2001 to 10,739 in 2002. The Japanese are still the largest group of foreign workers in the country, constituting 26.6 percent of the total number in 2002.

Economic Outlook and Migration Prospects

The political uncertainty engendered by the forthcoming May 2004 presidential elections, together with the continuing peace and order problems in the country, is likely to drive investors away while awaiting the results of the May 2004 vote. Given the hesitance of foreign companies to invest in the country, the prevailing political uncertainty and the high cost of doing business in the Philippines, the country will continue to rely on the dollar remittances of overseas Filipino workers.

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Despite the many threats to growth that continued to plague the country, the Philippine economy managed to grow in 2003. The Philippines withstood the combined effects of the SARS outbreak, the El Nino, the war in Iraq, a failed mutiny, and continuing peace and order problems to register positive growth.

Gross Domestic Product (GDP) and Gross National Product (GNP). In 2003, GDP increased slightly to 4.5 percent from 4.4 percent in 2002 (Table1). On the other hand, GNP accelerated to 5.5 percent from 4.5 percent the previous year. The increase was due to the surge in the Net Factor Income from Abroad (NFIA) consisting primarily of remittances from overseas Filipino workers (OFWs). In 2003, NFIA grew by 18.9 percent from a modest growth of 5.1 percent the previous year. Despite of the decline in the stock of OFWs at the end of 2003, the compensation inflow increased by 6.9 percent due to the 4.9 percent increase in the U.S. dollar to peso conversion. A substantial decline in property expense (-11.2 percent) together with the increase in property income (7.9 percent) resulted in higher net factor income flows in 2003.

GDP: Production Sectors. Growth in 2003 was broad-based with all the three production sectors registering positive growths in 2003. All economic sub-sectors in services, agriculture, and industry grew, except for public construction that suffered from cutbacks in government spending to meet the country's fiscal deficit target. However, **services** led the major sectors, growing by 5.9 percent compared to 5.4 percent the previous year. It accounted for 46.4 percent of total GDP, and contributed 2.7 percent to GDP growth.

All of the services sub-sectors posted increases in 2003. Communications grew fastest at 13.4 percent in 2003, although lower than the 15.8 percent growth posted the year before. The continued growth in communications was due to the increased popularity of mobile phones, especially the short message services (SMS) as well as information and communication technology (ICT). Retail trade managed to grow by 6.3 percent while wholesale trade slowed down to 4.6 percent. On the other hand, finance rebounded, growing by 6.9 percent in 2003 from 3.4 percent the previous year. The growth was spearheaded by insurance with 7.7 percent and banks with 6.7 percent. However, hotels and restaurants slowed down to 1.6 percent from 4.1 percent in 2002.

Agriculture, fishery and forestry (AFF) rebounded in 2003 increasing by 3.9 percent from 3.3 percent in 2002. It constitutes 19.6 percent of total GDP and contributed 0.8 percent to total GDP growth in 2003. All its sub-sectors likewise registered positive growths in 2003; however, fishery propelled the sector's growth accounting for 1.5 percent of the total AFF growth. Livestock, rice, corn, and sugar were the other major contributors to the recovery of the agriculture, fishery, and forestry sector. Together, these five top contributors accounted for 78.6 percent of the overall AFF growth of 3.9 percent.

In contrast to agriculture, **industry** slowed down in 2003. Its growth of 3.0 percent was lower than its 3.7 percent increase in 2002. Industry accounts for 34.0 percent of GDP and contributed 1.0 percent to the total GDP growth. Mining and quarrying, manufacturing, and private construction contributed most to the growth of the industry sector. Mining and quarrying grew by 17.5 percent, although much slower than its 51.0 percent surge in 2002. Manufacturing rose to 4.2 percent, due largely to basic metal industries (115 percent), printing and publishing (7.6 percent), machinery except electrical (20.6 percent) and wood and cork products (13.7 percent. Lack of funds mainly due to the government's efforts to contain its huge budget deficit limited public construction projects. This resulted in a negative growth of 17.9 percent in public construction. However, private construction grew during the year by 7.4 percent as monetary authorities provided more access to housing finance.

GDP: Expenditure Shares. Strong consumer spending boosted the economic growth of the country in 2003. The continued stability of prices of consumer goods and services, the implementation of the amended taxes on motor vehicles and the increased remittances of overseas Filipino workers led to a 5.1 percent increase in **personal consumption expenditure (PCE)** in 2003, the highest recorded since 1990. Growth was driven by the increases in transportation and telecommunications (12.8 percent), utilities (5.0 percent), and food (4.7 percent). On the other hand, **government consumption expenditure (GCE)** declined by 2.8 percent in 2003 as a result of the tightening of fiscal policy. This decline is in contrast to the 2.4 percent increase in government spending in 2002.

Gross domestic capital formation grew by 4.8 percent from a decline of 3.5 percent in 2002. Investments on durable equipment further rose by 9.3 percent in 2003 from a 4.8 percent increase the previous year. Investments were made on agricultural machineries (25.8 percent), mining construction machineries (29.1 percent), pulp and paper (52.8 percent), railway transport (359.0 percent), and water transport (78.0 percent). However, the rebound in capital formation was offset by a decline of 6.6 percent in construction.

The unfavorable global environment in 2003 resulted in a slowdown of **exports** during the year. Total export growth decelerated to 3.3 percent from 3.6 percent the previous year. Export of semiconductors and electronic microcircuits, the top exports of the country, registered only a 6.0 percent increase in contrast to its 20.4 percent growth in 2002. On the other hand, higher gold prices and the growth of agricultural exports such as crude coconut oil (36.6 percent), centrifugal sugar (75.3 percent), prepared tuna (77.5 percent), and copra (36.7 percent) propped up the overall export performance of the country. Similarly, the healthy growth in **imports** continued to support growth, particularly investments in durable equipment such as electrical machinery and transport equipment.

Per Capita GDP, GNP, and PCE. The continued expansion of the economy in 2003 resulted in a marginal improvement of 2.1 percent in the growth of per capita GDP from the 2.0 percent growth in 2002. Per capita GNP also increased by 3.1 percent from 2.1 percent the year before. In like manner, per capita personal consumption expenditure rose to 2.7 percent from 1.7 percent in 2002.

Foreign Direct Investments (FDI). The peace and order situation in the country and the threats to security continued to affect the investment climate of the Philippines. In the first three quarters of 2003, the approved foreign direct investments suffered a more dramatic decline of 44.7 percent compared to the 24 percent decline for the same period in 2002. The approved FDIs declined from 36.1 billion pesos for the first nine months of 2002 to 19.9 billion pesos for the same period in 2003 (Table 2).

The Japanese and the Taiwanese who were the leading investors in the previous year cut back their investment commitments in the first three quarters of 2003 by 52.7 percent and 95.5 percent, respectively. With the exception of the United States and Canada, all the other leading investors to the country committed significantly fewer funds from January to September 2003 compared to the same period last year.

With the exception of trade, which registered a modest growth of 9.9 percent, FDI approvals contracted markedly in all other industries. With the drastic fall in the total approved foreign investments, the projected employment is expected to generate only 35,470 jobs, 46.5 percent lower than the projected level of 66, 243 jobs in 2002 (Table 2).

The Current Labour Market

Although the country's working age population composed of persons 15 years old and above grew by 2.9 percent in 2003 to reach 51.791 million, the size of the labour force grew at a much slower rate of 1.8 percent (Table 3). A total of 624,000 persons were added to the labour force to reach 34.560 million. As a result of the slowdown, the labour force participation rate declined from 67.4 percent in 2002 to 66.7 percent in 2003.

In 2003, employment growth decelerated even further from the previous year. From an increase in employment of 6.1 percent in 2001, employment decelerated to 3.1 percent in 2002 and slowed down even further to 1.9 percent in 2003. Consequently, fewer jobs were created in 2003 (566,000) compared to 2002 (906,000) representing a decline of 37.5 percent (Table 3).

The growth in employment was due mainly to the services sector that grew by 2.4 percent and industry that expanded by 3.1 percent. Industry rebounded from the previous year and registered a 3.1 percent increase from a decline of –0.4 percent in 2002. This rebound was due primarily to a strong recovery in construction (55 percent) and manufacturing (2.4 percent).

It is significant to note, that from January to June 2003 there was a marked decline in the number of workers who were displaced (-28.2 percent) as well as the number of establishments that either closed and/or reduced its workforce (-14.1 percent) compared to the same period the previous year (Table 3).

Moreover, the unemployment rate (11.4 percent) and underemployment rate (17.0 percent) remained unchanged from the previous year (Table 3). Since the expansion of employment was accompanied by an equivalent increase in the number of persons that participated in the labour market, the resulting unemployment rate remained the same. On the other hand, the visible underemployment rate declined slightly by 3.6 percent from 11.0 percent in 2002 to 10.6 percent in 2003. This means that 5.215 million Filipinos worked less than 40 hours a week in 2003.

Recent Trends in International Migration

International Labour Migration

Labour migration outflows. What is significant to note in the first seven months of 2003 is the decline in the outflow of overseas Filipino workers by seven percent due largely to the fall in the deployment figures among land-based workers (Table 4). The decline was particularly marked among rehires (-12.3 percent) than the new hires (-2.1 percent). With few exceptions, the fall in the deployment figures was felt across all major countries and regions of destination of Filipino workers. Only the number of seafarers that left the country increased from January to July 2003 by 4.3 percent.

As in previous years, six out of every ten Filipino workers that left the country were in the first seven months of 2003 were rehires (Table 5).

By the end of 2003, the final deployment figures among newly hired OFWs reveal a 17.3 percent decline in the outflow (Table 6).

Skills distribution. As in previous years, the bulk of the newly hired workers that left the country in 2003 consisted of production, transport equipment operators and laborers (25.5 percent), entertainers (24.3 percent), and domestic helpers (19.3 percent) (See Table 7). While the proportion of production, transport equipment operators and laborers has been slowly increasing in the last three years, the proportion of entertainers and domestic helpers has been slowly declining. On the other hand, the proportion of caregivers among newly hired workers has been increasing from 0.2 percent in 2001 to 7.8 percent in 2003.

A majority of newly hired male OFWs are production, transport equipment operators and labourers while among the newly hired female OFWs, a majority are entertainers and domestic helpers. Since 2001, the proportion of these workers among the new hires has been slowly decreasing while the proportion of caregivers has steadily increased.

Remittances

Despite the contraction in the deployment figures of overseas Filipino workers in 2003, the foreign exchange remittances increased in the first three quarters of 2003 albeit at a slower pace compared to the previous year (Table 8). The remittances reached 5.662 billion dollars from January to September, an increase of 5.1 percent from the 5.389 billion dollars in 2002. The major sources of remittances in the first three quarters of 2003 were the United States, Saudi Arabia, Japan, Hong Kong, Singapore and the United Arab Emirates.

As in previous years, the remittances of overseas Filipino workers helped to prop up the economy in 2003. They made up for the shortfall in the foreign direct investments, the portfolio investments, and even exports. By providing a steady supply of dollars in the market they help to stabilize the peso and boost the economy through consumption and investments. Between 1993 and 2002, these remittances contributed an average of 19.4 percent to the export earnings of the country and 6.6 percent to GNP (Table 9). While this is so, the Central Bank of the Philippines estimates that more than US$ 5 billion in remittances of overseas Filipino workers pass through informal channels like couriers and money changers that the banks are not able to track down (Philippine Daily Inquirer, December 16, 2003, pp. B1, B4).

Emigration and Immigration

Filipino Emigrants

The number of Filipino emigrants increased from 31,287 in 2001 to 36,555 in 2002 (Table 10). The United States remains the preferred country of settlement by a majority of Filipino emigrants, followed by Canada, and Japan. Six out of every 10 emigrants are females (Table 11). They are generally young, with a majority of Filipino emigrants falling below 35 years of age (Table 12).

Between 1990 and 2000, 30 percent of emigrants to other countries in the world left the Philippines as fiancées or spouses of foreign nationals (Table 13). A majority of these fiancées or spouses met their partners either through a personal introduction, at their place of work, or as a penpal referred by a relative (Table 14). However, it is significant to note that a majority of these fiancées or spouses had limited (54.1 percent) knowledge about their countries of destination (Table 15).

Legal Foreign Workers in the Philippines

The profile of legal foreign workers in 2002 has not changed significantly from previous years. They have remained generally small in number, constituting 0.3164 of the labour force in 2002 (Table 16). While this is so, the number of foreign workers in the Philippines increased by 56.8 percent in 2002, raising the number from 6,850 in 2001 to 10,739 in 2002 (Table 17).

The Japanese are still the largest group of foreign workers in the country, constituting 26.6 percent of the total number in 2002 (Table 18). Other foreign workers include Koreans (10.2 percent), British (9.4 percent), Americans (8.6 percent), and Chinese (8.4 percent) (Table 19). A majority are still executives or managers (69.2 percent) while a substantial proportion are professionals (32.4 percent). These foreign workers are mostly in industry, particularly manufacturing (48.1 percent).

Economic Outlook and Migration Prospects

The political uncertainty engendered by the forthcoming May 2004 presidential elections, together with the continuing peace and order problems in the country, is likely to drive investors away while awaiting the results of the May 2004 vote. The budget deficit of government remains its biggest problem and while government is proud about a below target budget deficit in 2003, the fact remains that government spending continues to outpace its income. The problems that face the Philippine economy are numerous. Given the hesitance of foreign companies to invest in the country due to its peace and order problems, the prevailing political uncertainty and the high cost of doing business in the Philippines, the country will have to rely once again on the dollar remittances of overseas Filipino workers. While there are now fewer Filipinos going abroad to work, it would appear that the salary levels have increased, thus contributing to a higher earning level.

Table 1

Economic Performance: The Philippines At Constant 1985 Prices: Annual Percent Change 2002-2003		
	2002	**2003**
1. Gross National Product	**4.5**	**5.5**
Net Factor Income from Abroad (NFIA)	5.1	18.9
2. Gross Domestic Product	**4.4**	**4.5**
A. By Industrial Origin		
Agricultrue, Fishery and Forestry	**3.3**	**3.9**
Industry	**3.7**	**3**
Mining & Quarrying	51.0	17.5
Manufacturing	3.5	4.2
Construction	-3.3	-5.9
Electricity, Gas & Water	4.3	2.9
Services	**5.4**	**5.9**
Transport, Communication & Storage	8.9	8.6
Trade	5.8	5.8
Finance	3.4	6.9
Ownership of Dwellings & Real Estate	1.7	3.8
Private Services	5.5	5.3
Government Services	4.7	3.8
B. By Expenditure Shares		
Personal Consumption Expenditure	**4.1**	**5.1**
Government Consumption	**2.4**	**-2.8**
Capital Formation	**-3.5**	**4.8**
Fixed Investments	2.4	0.8
Net Exports		
Exports	3.6	3.3
Merchandise Exports	5.0	3.3
Non-factor Services	-4.5	3.4
Less: Imports		
Merchandise Imports	4.7	10.3
Non-factor Services	-16.5	13.8
Per Capita Gross National Product (GNP) (in constant 1985 pesos)	**2.1**	**3.1**
Per Capita Gross Domestic Product (GDP) (in constant 1985 pesos)	**2.0**	**2.1**
Per Capita Personal Consumption Expenditure (PCE) (in constant 1985 pesos)	**1.7**	**2.7**
Source: National Accounts of the Philippines		

Table 2

Approved Foreign Direct Investments January - September 2002, 2003(In million pesos)			
Country of Investor and Industry	**Approved FDIs**		**Growth Rate**
	January - September		
	2002	**2003**	**2002-2003**
Total Approved FDIs	**36,058.9**	**19,924.4**	**-44.7**
Country of Investor			
Australia	46.1	985.6	2,039.4
Japan	13,482.7	6,373.4	-52.7
Korea	1,019.3	524.4	-48.6
Singapore	1,164.7	279.7	-76.0
Taiwan	12,078.6	540.1	-95.5
United States	1,237.7	5,494.3	343.9
Others	7,029.8	5,726.9	-18.5
Industry			
Agriculture	**91.0**	**24.3**	**-73.3**
Industry	**30,437.8**	**12,539.7**	**-58.8**
Mining	11,589.4	855.6	-92.6
Manufacturing	17,836.9	11,684.1	-34.5
Electricity & Water	1,011.5	0.0	-100.0
Services	**5,530.1**	**5,533.4**	**0.1**
Transport, Communication & Storage	3,151.3	504.2	-84.0
Trade	657.4	722.6	9.9
Finance & Real Estate	31.3	10.6	-66.1
Construction	125.4	0.0	-100.0
Other Services	1,564.7	4296.0	174.6
Projected Employment	**66,243**	**35,470**	**-46.5**

Source: National Statistical Coordination Board

Table 3

Key Employment Indicators: 2002-2003(Annual Average)				
			Growth Rate	
INDICATORS		**2003**	**2002**	**2003**
Total Household Population 15 Years Old & Over (in thousands)	**50,344**	**51,791**	**2.6**	**2.9**
Labor Force (in thousands)	**33,936**	**34,560**	**3.4**	**1.8**
Number of Employed Persons (in thousands)	**30,062**	**30,628**	**3.1**	**1.9**
Agriculture, fishery and forestry	11,122	11,203	2.5	0.7
Industry	4,694	4,838	-0.4	3.1
Manufacturing	2,869	2,939	-1.3	2.4
Construction	1,595	1,683		5.5
Services	14,246	14,586	4.8	2.4
Number of Unemployed Persons (in thousands)	**3,874**	**3,932**	**6.0**	**1.5**
Women	1,579	1,549	6.8	-1.9
Men	2,295	2,383	5.6	3.8
Labour Force Participation Rate	**67.4**	**66.7**	**0.4**	**-1.0**
Employment Rate	88.6	88.6	-0.3	0.0
Unemployment Rate	11.4	11.4	1.8	0.0
Underemployment Rate	17.0	17.0	-1.2	0.0
Visible Underemployment Rate	11.0	10.6	0.0	-3.6
Jobs Created (in thousands)	**906.0**	**566.0**	**-46.8**	**-37.5**
Agriculture, Fishery & Forestry	272.0	81.0	-59.4	
Industry	-19.0	144.0	-107.4	
Manufacturing	-37.0	70.0	-123.0	
Services	654.0	340.0	-16.2	
Establishment Closures/Retrenchments		**January - June**		
Establishments Affected (number):	**1,946**	**1,671**		**-14.1**
Agriculture, Fishery & Forestry	35	17		-51.4
Industry	607	518		-14.7
-Manufacturing	500	420		-16.0
Services	1,304	1142		-12.4
Workers Displaced (number)	**48,037**	**34,480**		**-28.2**
Agriculture, Fishery & Forestry	735	318		-56.7
Industry	27,356	16,716		-38.9
-Manufacturing	24,942	16,024		-35.8
Services	19,946	17,446		-12.5

Source: Department of Labor and Employment: Current Labor Statistics, various years

Notes:

1. Details may not add up to respective totals due to rounding. although not at work during the reference period.
2. Employed persons: persons in the labour force who were reported either at work or with a job or business although not at work during the reference period.
3. Unemployed persons: persons in the labour force who did not work or had no job/business during the reference week and were reportedly looking for work.
4. Underemployed persons: employed persons who express the desire to have additional hours of work in work less than 40 hours a week.
5. Labour Force: population 15 years old and over who contribute to the production of goods and services in the country

na: not available

TABLE 4
PERCENT CHANGE IN OUTFLOWS OF OVERSEAS FILIPINO WORKERS
January - July 2002, 2003

MIGRATION OUTFLOWS	JANUARY-JULY 2003 New Hires	JANUARY-JULY 2003 Rehires	JANUARY-JULY 2003 Total	JANUARY-JULY 2002 New Hires	JANUARY-JULY 2002 Rehires	JANUARY-JULY 2002 Total	%CHANGE JANUARY-JULY2002-2003 New Hires	%CHANGE JANUARY-JULY2002-2003 Rehires	%CHANGE JANUARY-JULY2002-2003 Total
ALL OVERSEAS FILIPINO WORKERS	280,362	239,747	520,109	286,239	273,252	559,491	-2.1	-12.3	-7.0
A. LAND-BASED*	151,644	239,747	391,391	162,845	273,252	436,097	-6.9	-12.3	-10.3
AFRICA	2,037	2,837	4,874	1,249	2,678	3,927	63.1	5.9	24.1
AMERICAS	3,052	4,589	7,641	3,542	4,111	7,653	-13.8	11.6	-0.2
Canada	1,455	1,575	3,030	1,556	744	2,300	-6.5	111.7	31.7
U.S.A.	818	1,612	2,430	1,054	1,546	2,600	-22.4	4.3	-6.5
Others									
ASIA	76,068	90,856	166,924	82,125	100,749	182,874	-7.4	-9.8	-8.7
Brunei	1,911	4,396	6,307	1,276	6,473	7,749	49.8	-32.1	-18.6
Hong Kong	7,910	47,962	55,872	13,438	56,026	69,464	-41.1	-14.4	-19.6
Japan	38,047	2,681	40,728	42,029	2,512	44,541	-9.5	6.7	-8.6
Korea	3,441	1,019	4,460	805	1,133	1,938	327.5	-10.1	130.1
Malaysia	895	4,382	5,277	867	2,929	3,796	3.2	49.6	39.0
Singapore	1,399	16,247	17,646	1,733	17,491	19,224	-19.3	-7.1	-8.2
Taiwan	21,880	6,505	28,385	21,597	7,483	29,080	1.3	-13.1	-2.4
Others									
EUROPE	3,018	21,173	24,191	4,863	26,289	31,152	-37.9	-19.5	-22.3
Ireland	605	3,122	3,727	1,039	1,962	3,001	-41.8	59.1	24.2
Italy	26	7,449	7,475	95	13,379	13,474	-72.6	-44.3	-44.5
Spain	267	601	868	497	780	1,277	-46.3	-22.9	-32.0
England	1,581	7,163	8,744	2,325	7,506	9,831	-32.0	-4.6	-11.1
Others									
MIDDLE EAST	60,555	116,259	176,814	64,222	133,403	197,625	-5.7	-12.9	-10.5
Bahrain	1,215	2,800	4,015	1,095	2,645	3,740	11.0	5.9	7.4
Israel	1,067	2,668	3,735	1,955	1,570	3,525	-45.4	69.9	6.0
Kuwait	7,520	5,852	13,372	8,391	6,972	15,363	-10.4	-16.1	-13.0
Libya	854	1,763	2,617	742	3,177	3,919	15.1	-44.5	-33.2
Oman	36	2,197	2,233	10	2,244	2,254	260.0	-2.1	-0.9
Qatar	4,317	4,225	8,542	3,100	3,691	6,791	39.3	14.5	25.8
Saudi Arabia	32,846	76,159	109,005	36,262	91,170	127,432	-9.4	-16.5	-14.5
United Arab Emirates	11,492	18,775	30,267	11,462	19,740	31,202	0.3	-4.9	-3.0
Others									
OCEANIA	264	646	910	129	1,337	1,466	104.7	-51.7	-37.9
Australia	11	65	76	13	79	92	-15.4	-17.7	-17.4
New Zealand	19	20	39	21	126	147	-9.5	-84.1	-73.5
Papua New Guinea	233	556	789	91	1,119	1,210	156.0	-50.3	-34.8
Others									
TRUST TERRITORIES	506	2,269	2,775	596	3,568	4,164	-15.1	-36.4	-33.4
Commonwealth of Northern Marianas Islands	371	1,656	2,027	397	2,438	2,835	-6.5	-32.1	-28.5
Others									
NOT REPORTED	6,144		6,144	6,119		6,119	0.4		0.4
B. SEABASED WORKERS	128,718		128,718	123,394		123,394	4.3		4.3

*Based on the report of POEA's Labor Assistance Center on the actual departures of OFWs at the international airports.
Source of raw data: Philippine Overseas Employment Administration (POEA)

TABLE 5
PERCENT OF NEW HIRES AND REHIRES AMONG DEPLOYED OVERSEAS FILIPINO WORKERS
January - July 2003

MIGRATION OUTFLOWS	JANUARY- JULY 2003 New Hires	Rehires	Total	JANUARY- JULY 2003 New Hires	Rehires
ALL OVERSEAS FILIPINO WORKERS	280,362	239,747	520,109	53.9	46.1
A. LAND-BASED*	151,644	239,747	391,391	38.7	61.3
AFRICA	2,037	2,837	4,874	41.8	58.2
AMERICAS	3,052	4,589	7,641	39.9	60.1
Canada	1,455	1,575	3,030	48.0	52.0
U.S.A.	818	1,612	2,430	33.7	66.3
Others	779	1,402	2,181	35.7	64.3
ASIA	76,068	90,856	166,924	45.6	54.4
Brunei	1,911	4,396	6,307	30.3	69.7
Hong Kong	7,910	47,962	55,872	14.2	85.8
Japan	38,047	2,681	40,728	93.4	6.6
Korea	3,441	1,019	4,460	77.2	22.8
Malaysia	895	4,382	5,277	17.0	83.0
Singapore	1,399	16,247	17,646	7.9	92.1
Taiwan	21,880	6,505	28,385	77.1	22.9
Others	585	7,664	8,249	7.1	92.9
EUROPE	3,018	21,173	24,191	12.5	87.5
Ireland	605	3,122	3,727	16.2	83.8
Italy	26	7,449	7,475	0.3	99.7
Spain	267	601	868	30.8	69.2
England	1,581	7,163	8,744	18.1	81.9
Others	539	2,838	3,377	16.0	84.0
MIDDLE EAST	60,555	116,259	176,814	34.2	65.8
Bahrain	1,215	2,800	4,015	30.3	69.7
Israel	1,067	2,668	3,735	28.6	71.4
Kuwait	7,520	5,852	13,372	56.2	43.8
Libya	854	1,763	2,617	32.6	67.4
Oman	36	2,197	2,233	1.6	98.4
Qatar	4,317	4,225	8,542	50.5	49.5
Saudi Arabia	32,846	76,159	109,005	30.1	69.9
United Arab Emirates	11,492	18,775	30,267	38.0	62.0
Others	1,208	1,820	3,028	39.9	60.1
OCEANIA	264	646	910	29.0	71.0
Australia	11	65	76	14.5	85.5
New Zealand	19	20	39	48.7	51.3
Papua New Guinea	233	556	789	29.5	70.5
Others	1	5	6	16.7	83.3
TRUST TERRITORIES	506	2,269	2,775	18.2	81.8
Commonwealth of Northern Marianas Islands	371	1,656	2,027	18.3	81.7
Others	135	613	748	18.0	82.0
NOT REPORTED	6,144	0	6,144	100.0	0.0
B.SEABASEDWORKERS	128,718	0	128,718	100.0	0.0

B. SEABASED WORKERS

*Based on the report of POEA's Labor Assistance Center on the actual departures of OFWs at the international airports.

TABLE 6
NEW HIRES AMONG DEPLOYED OVERSEAS FILIPINO WORKERS: PERCENT CHANGE
2002-2003

MIGRATION OUTFLOWS	2002	2003	Percent Change
	New Hires		
ALL LAND-BASED OFWs*	288,155	238,200	-17.3
AFRICA	2,702	2,954	9.3
AMERICAS	5,632	4,027	-28.5
U.S.A.	1,899	1233	-35.1
Canada	2,379	0	-100.0
Others	1,354	2,794	106.4
ASIA	143,524	117,476	-18.1
Brunei	2,871	2,820	-1.8
Hong Kong	23,085	13,887	-39.8
Japan	74,247	50,046	-32.6
Korea	1,884	3,975	111.0
Malaysia	1,722	1,355	-21.3
Singapore	2,798	1,807	-35.4
Taiwan	36,619	34,953	-4.5
Others	298	8,633	2797.0
EUROPE	8,064	4,737	-41.3
Ireland	1,627	752	-53.8
Italy	102	115	12.7
Spain			
England	3,795	2,463	-35.1
Others	2,540	1,407	-44.6
MIDDLE EAST	116,221	99,530	-14.4
Bahrain	2,169	1,878	-13.4
Israel	3,010	1,769	-41.2
Kuwait	15,669	15,820	1.0
Libya	1,530	1,612	5.4
Oman	27	80	196.3
Qatar	5,957	6,626	11.2
Saudi Arabia	64,614	50,707	-21.5
United Arab Emirates	21,057	17,600	-16.4
Others	2,188	3,438	57.1
OCEANIA	229	533	132.8
Australia	17	29	70.6
New Zealand	43	24	-44.2
Papua New Guinea	154	473	207.1
Others	15	7	-53.3
TRUST TERRITORIES	904	793	-12.3
Commonwealth of Northern Marianas Islands	295	322	9.2
Others	609	471	-22.7
NOT REPORTED	10,899	8,150	-25.2

*Based on the report of POEA's Labor Assistance Center on the actual departures of OFWs at the international airports.
Source of raw data: Philippine Overseas Employment Administration (POEA)

Table 7
Deployed Overseas Filipino Workers by Skill and Sex
2001-2003: New Hires
(Percentage Distribution)

Skill	2001			2002			2003		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Administrative and Managerial	0.4	0.1	0.2	0.3	0.1	0.1	0.4	0.1	0.2
Agricultural	0.7	0.0	0.2	0.8	0.0	0.2	0.6	0.0	0.2
Clerical and Related Workers	1.9	1.1	1.3	1.9	1.3	1.5	2.7	1.3	1.7
Production, Transport, and Related Workers	61.1	7.4	22.2	63.2	10.3	25.3	64.1	11.3	25.5
Professional, Technical and Related Workers	20.5	44.8	38.1	19.1	43.0	36.2	17.5	40.4	32.7
Nurses	3.2	6.1	5.3	2.1	5.2	4.3	1.5	4.7	3.7
Entertainers	3.9	36.6	27.6	4.4	35.6	26.8	4.1	33.7	24.3
Composers, Musicians & Singers	1.9	18.1	13.7	2.5	19.7	14.8	2.3	19.4	14.0
Choreographers & Dancers	1.9	18.4	13.9	1.9	15.8	11.9	1.8	14.3	10.3
Engineers	3.6	0.1	1.0	0.0	0.0	0.0	2.6	0.0	0.7
Sales Workers	2.0	1.0	1.2	2.0	0.7	1.1	1.6	0.8	1.0
Service Workers	11.9	45.3	36.1	11.9	44.6	35.4	11.6	45.9	34.9
Caregivers & Caretakers	0.1	0.2	0.2	0.7	2.4	2.0	0.9	11.0	7.8
Domestic Helpers	1.9	37.8	27.9	1.1	31.7	23.0	1.0	27.6	19.3
Building Caretakers, Charworkers, Cleaners &	1.7	4.1	3.4	2.2	7.3	5.9	1.9	3.4	2.9
Related Workers	0.0								
OTHERS, NOT ELSEWHERE	1.5	0.3	0.6	0.1	0.0	0.0	0.1	0.0	0.0

CLASSIFIED									
NOT STATED	0.0	0.0	0.0	0.7	0.0	0.2	1.4	0.1	3.9
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	(70,358)	(185,221)	(255,580)	(77,850)	(197,441)	(275,291)	(65,685)	(164,338)	(238,200)

Source: Philippine Overseas Employment Program

TABLE 8

OFWs Foreign Exchange Remittances

	(In Million Dollars)			Growth Rate		
YEAR	Land-based	Seabased	Total	Land-based	Seabased	Total
1987	671.4	120.5	791.9	17.3	10.9	16.4
1988	683.3	173.5	856.8	1.8	44.0	8.2
1989	755.2	217.8	973.0	10.5	25.5	13.6
1990	893.4	287.7	1,181.1	18.3	32.1	21.4
1991	1,125.1	375.2	1,500.3	25.9	30.4	27.0
1992	1,324.5	445.0	1,769.5	17.7	18.6	17.9
1993	1,840.3	389.3	2,229.6	38.9	-12.5	26.0
1994	2,628.8	379.3	3,008.1	42.8	-2.6	34.9
1995	3,658.3	210.1	3,868.4	39.2	-44.6	28.6
1996	4,055.4	251.2	4,306.6	10.9	19.6	11.3
1997	5,484.2	257.6	5,741.8	35.2	2.5	33.3
1998	7,093.4	274.5	7,368.0	29.3	6.6	28.3
1999	5,948.3	846.2	6,794.6	-16.1	208.2	-7.8
2000	5,123.8	926.7	6,050.5	-13.9	9.5	-11.0
2001	4,937.9	1093.3	6,031.3	-3.6	18.0	-0.3
2002	5,963.1	1226.2	7,189.2	20.8	12.2	19.2
Jan - Sept 2001	3,626.9	799.6	4,426.5			
Jan - Sept 2002	4,482.0	907.1	5,389.2	23.6	13.4	21.7
Jan - Sept 2003	4,714.7	948.1	5,662.8	5.2	4.5	5.1

Data last modified on December 1, 2003

Source: Foreign Exchange Department, Bangko Sentral ng Pilipinas

Table9

Remittances As Percent of Export Earnings and GNP

Year	Remittances(US$'000) Total	Land-based	Sea-based	Export Earnings (US$'000)	Ratio Remittance Export Earnings (%)	GNP (%)
1975	103	71	32	2,294	4.5	0.7
1976	111	67	44	2,574	4.3	0.6
1977	213	154	59	3,150	6.8	1.0
1978	291	209	82	3,425	8.5	1.2
1979	365	265	100	4,601	7.9	1.2
1980	421	300	122	5,788	7.2	1.2
1981	545	383	162	5,720	9.5	1.4
1982	810	642	168	5,021	16.1	2.1
1983	944	660	284	5,005	18.9	2.8
1984	659	473	186	5,391	12.2	2.1
1985	687	598	89	4,629	14.8	2.3
1986	680	572	109	4,842	14.0	2.4
1987	792	671	120	5,720	13.8	2.4
1988	857	683	174	7,074	12.1	2.3
1989	973	755	218	7,821	12.4	2.3
1990	1,181	893	288	8,186	14.4	2.7
1991	1,500	1,125	375	8,840	17.0	3.3
1992	2,202	1,757	445	9,824	22.4	4.1
1993	2,230	1,840	389	11,375	19.6	3.9
1994	2,940	2,561	379	13,483	21.8	4.4
1995	4,878	4,667	211	17,447	28.0	6.4
1996	4,307	4,055	251	20,542	21.0	5.0
1997	5,742	5,484	258	25,228	22.8	6.6
1998	4,925	4,651	275	29,496	16.7	7.1
1999	6,794	5,948	846	35,038	19.4	8.7
2000	6,050	5,124	927	38,078	15.9	7.5
2001	6,031	4,938	1,093	35,052	17.2	7.8
2002	7,189	5,963	1,226	38,094	18.9	8.6
1993-2002	51,086	45,231	5,855	263,833	19.4	6.6

Source: Central Bank of the Philippines

Table10

Emigrants/a by Country of Destination

1981-2002

Country	**1990-1992**	**1993-1995**	**1996-1998**	**1999**	**2000**	**2001**	**2002**
UNITED STATES/b	134,296	120,032	103,200	24,123	31,324	31,287	36,557
CANADA	23,065	37,217	23,916	6,712	8,245	9,737	8,795
AUSTRALIA	15,666	9,273	6,315	2,597	2,298	1,965	2,603
JAPAN	11,563	13,635	12,491	4,219	6,468	6,021	5,734
OTHERS	5,177	7,006	8,059	2,856	2,696	3,044	4,031
	189,767	187,163	153,981	40,507	41,031	52,054	57,720
UNITED STATES/b	70.7	64.2	67.0	59.6	76.3	60.1	63.3
CANADA	12.1	19.9	15.5	16.6	20.1	18.7	15.2
AUSTRALIA	8.2	5.0	4.1	6.4	5.6	3.8	4.5
JAPAN	6.1	7.3	8.1	10.4	15.8	11.6	9.9
OTHERS	2.7	3.7	5.2	7.1	6.6	5.8	7.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

/a Refers to permanent migrants /b1981-1991: includes the Trust Territories of American Samoa, Guam, Marianas Islands, Saipan, & U.S. Virgin Island

Source of raw data: Commission on Filipinos Overseas

1992-1994: includes Trust Territories of American Samoa, Guam, Marianas Islands, Saipan, U.S. Virgin Island, and the the Commonwealth of Puerto Rico

Table 11
Emigrants by Sex
1981-2002

Year	Male	Female	Total	Male	Female
1981-1983	59,918	85,383	145,301	41.2	58.8
1984-1986	55,787	80,371	136,158	41.0	59.0
1987-1989	71,353	98,762	170,115	41.9	58.1
1990-1992	75,247	114,520	189,767	39.7	60.3
1993-1995	74,941	112,222	187,163	40.0	60.0
1996-1998	60,011	93,970	153,981	39.0	61.0
1999	14,657	25,850	40,507	36.2	63.8
2000	19,907	31,124	51,031	39.0	61.0
2001	20,313	31,741	52,054	39.0	61.0
2002	22,329	35,391	57,720	38.7	61.3
Total	**474,463**	**709,334**	**1,183,797**	**40.1**	**59.9**

Source of Raw Data: Commission on Filipinos Overseas

Table 12
Registered Filipino Emigrants by Age: 1981-2002

Age	1999	2000	2001	2002	1999	2000	2001	2002
	Number				Percentage			
14 - BELOW	7,288	9,132	10,091	11,970	18.0	17.9	19.4	20.7
15 - 24	9,527	10,317	10,502	11,071	23.5	20.2	20.2	19.2
25 - 34	10,044	13,490	13,542	15,044	24.8	26.4	26.0	26.1
35 - 44	4,896	7,498	7,107	7,786	12.1	14.7	13.7	13.5
45 - 54	3,287	4,253	3,683	4,454	8.1	8.3	7.1	7.7
55 - 64	3,172	3,715	4,064	3,924	7.8	7.3	7.8	6.8
65 - Above	2,293	2,614	3,065	3,466	5.7	5.1	5.9	6.0
Total	**40,507**	**51,019**	**52,054**	**57,720**	**100.0**	**100.0**	**100.0**	**100.0**

Source of raw data: Commission on Filipinos Overseas

Table13

Registered Filipino Fianc(è)es/Spouses of Foreign Nationals by Major Country of Destination: 1989-2000

Country of Foreign National	1990-1992	1993-1995	1996-1998	1999	2000	Total
U.S.A.*	12.2	11.0	11.7	11.7	13.1	11.7
Japan	7.8	8.9	9.7	10.5	11.1	9.0
Australia	2.3	2.6	2.5	3.1	2.9	2.5
Germany	0.9	1.5	1.5	1.8	1.7	1.3
Canada	0.7	1.2	1.4	1.7	1.9	1.2
United Kingdom	0.5	0.3	0.6	0.9	0.8	0.5
Others	2.1	3.1	5.1	6.1	5.8	3.7
Percent Fianc(e)es/Spouses of Foreign Nationals Among Emigrants	26.5	28.7	32.4	35.8	37.3	30.0
Total Number of Fianc(e)es/Spouses	50,197	53,650	49,907	14,487	15,317	183,558
Total Number of Emigrants	189,767	187,163	153,981	40,507	41,031	612,449

* Note: for the United States of America
1.) 1981-1991 : Include Trust Territories of American Samoa, Guam, Marianas Islands, Saipan, and U.S. Virgin Island
2.) 1992-1994 : Include Trust Territories of American Samoa, Guam, Marianas Islands, Saipan, U.S. Virgin Island, and the Commonwealth of Puerto Rico

Source : Commission on Filipinos Overseas (CFO)

Table 14
Number of Registered Filipino Fianc(è)es/Spouses of Foreign Nationals by Manner of Introduction: 1989 - 2002

Manner of Introduction	1990-1992	1993-1995	1996-1998	1999	2000	2001
Personal Introduction	20,271	20,644	18,971	5,444	5,195	5,881
Place of Work	13,339	15,324	14,168	4,394	4,016	4,424
Penpal Referred by Relative	13,561	14,493	13,446	4,333	4,723	4,645
Penpal thru Ads/ Columns/Penpal Clubs	2,529	3,058	2,987	957	591	690
Thru Internet	0	0	3	189	47	31
Thru Other Entities**	0	0	0	0	426	920
	0	0	0	0	164	214
Total	50,192	53,656	49,907			
(No Response)	5					

* Republic Act 6955, which made unlawful the matching of Filipino women for marriage to foreign nationals on a mail-order basis and other similar practices, was signed into law in June 1990.

** Started in 2000

Source : Commission on Filipinos Overseas (CFO)

Table15

Number of Registered Filipino Fianc(è)es/Spouses of Foreign Nationals By Extent of Knowledge About Their Country of Destination: 1989-2001

Extent of Knowledge	1990-1992	1993-1995	1996-1998	1999	2000	2001
Number						
Sufficient	15,818	17,791	18,543	5,970	5,593	6,190
Limited	20,307	28,235	25,686	7,453	7,217	8,998
No Knowledge	14,072	7,624	5,678	1,894	2,352	1,440
Total	50,197	53,650	49,907	15,317	15,162	16,628
Percentage Sufficient	31.5	33.2	37.2	39.0	36.9	37.2
Limited	40.5	52.6	51.5	48.7	47.6	54.1
No Knowledge	28.0	14.2	11.4	12.4	15.5	8.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Sourceofrawdata:CommissiononFilipinosOverseas

TABLE 16
PERCENT SHARE OF LEGAL FOREIGN WORKERS
TO PHILIPPINE LABOR FORCE:1988-1999

YEAR	FOREIGN WORKERS	LABOR FORCE (thousands)	% SHARE
1988	1,634	23,451	0.0070
1989	1,516	23,858	0.0064
1990	1,614	24,525	0.0066
1991	2,016	25,246	0.0080
1992	2,144	26,180	0.0082
1993	2,451	26,822	0.0091
1994	3,094	27,483	0.0113
1995	3,701	28,040	0.0132
1996	4,333	29,637	0.0146
1997	6,055	30,265	0.0200
1998	5,335	31,278	0.0171
1999	5,956	32,000	0.0186
2000	5,576	30,911	0.1804
2001	6,858	32,809	0.2090
2002	10739	33936	0.3164

/1 /Refers to foreign workers issued the Alien Employment Permit (AEP) by the Bureau of Local Employment, Dept. of Labour and Employment.

Source of Raw Data: Bureau of Local Employment, Monitoring, and Evaluation Division, Department of Labor and Employment

TABLE 17
NUMBER OF LEGAL FOREIGN WORKERS

YEAR	FOREIGN WORKERS	PERCENT CHANGE
1988	1,634	
1989	1,516,	-7.2
1990	1,614	6.5
1991	2,016	24.9
1992	2,144	6.3
1993	2,451	14.3
1994	3,094	26.2
1995	3,701	19.6
1996	4,333	17.1
1997	6,055	39.7
1998	5,335	-11.9
1999	5,956	11.6
2000	5,576	-6.4
2001	6,850	
2002	10739	56.8
January-November	8,007	

/1 /Refers to foreign workers issued the Alien Employment Permit (AEP) by the Bureau of Local Employment, Dept. of Labour and Employment.
Source of Raw Data: Bureau of Local Employment, Monitoring, and Evaluation Division, Department of Labor and Employment

TABLE 18
NUMBER OF LEGAL FOREIGN WORKERS BY NATIONALITY: 1988-2002

NATIONALITY	1988-1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	TOTAL
NUMBER												
Japanese	2463	603	762	877	1443	1374	1187	1418	1,352	2368	3576	17,423
Chinese	1124	357	432	236	263	364	357	349	362	367	1098	5,309
British	966	256	344	412	275	632	608	582	523	738	584	5,920
American	818	246	310	395	422	631	518	493	518	552	515	5,418
Korean	417	142	192	310	147	596	510	599	703	901	1881	6,398
German	358	92	126	145	96	284	200	205	162	124	304	2,096
Indian	239	44	59	130	182	177	147	225	219	229	589	2,240
Taiwanese	375	60	87	128	162	172	202	318	274	341	506	2,625
Australian	255	78	110	170	155	303	267	335	237	200	226	2,336
Swiss	175	50	48	56	85	77	52	35	33	38	31	680
Others	1734	523	624	842	1103	1445	1287	1397	1,193	1,000	1,429	12,577
												-
Total	8924	2451	3094	3701	4333	6055	5335	5956	5,576	6,858	10,739	63,022
PERCENTAGE												
Japanese	27.6	24.6	24.6	23.7	33.3	22.7	22.2	23.8	24.2	34.5	33.3	27.6
Chinese	12.6	14.6	14.0	6.4	6.1	6.0	6.7	5.9	6.5	5.4	10.2	8.4
British	10.8	10.4	11.1	11.1	6.3	10.4	11.4	9.8	9.4	10.8	5.4	9.4
American	9.2	10.0	10.0	10.7	9.7	10.4	9.7	8.3	9.3	8.0	4.8	8.6
Korean	4.7	5.8	6.2	8.4	3.4	9.8	9.6	10.1	12.6	13.1	17.5	10.2
German	4.0	3.8	4.1	3.9	2.2	4.7	3.7	3.4	2.9	1.8	2.8	3.3
Indian	2.7	1.8	1.9	3.5	4.2	2.9	2.8	3.8	3.9	3.3	5.5	3.6
Taiwanese	4.2	2.4	2.8	3.5	3.7	2.8	3.8	5.3	4.9	5.0	4.7	4.2
Australian	2.9	3.2	3.6	4.6	3.6	5.0	5.0	5.6	4.3	2.9	2.1	3.7
Swiss	2.0	2.0	1.6	1.5	2.0	1.3	1.0	0.6	0.6	0.6	0.3	1.1
Others	19.4	21.3	20.2	22.8	25.5	23.9	24.1	23.5	21.4	14.6	13.3	20.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number	8,924	2,451	3,094	3,701	4,333	6,055	5,335	5,956	5,576	6,858	10739.0	39,849

/1 /Refers to foreign workers issued the Alien Employment Permit (AEP)
by the Bureau of Local Employment, Dept. of Labour and Employment.

Source of Raw Data: Bureau of Local Employment, Monitoring,
and Evaluation Division, Department of Labor and Employment

TABLE 19
LEGAL FOREIGN WORKERS BY MAJOR OCCUPATION GROUP/a
1990-2002:: PERCENT

OCCUPATION	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Professional, Technical & Related Workers	21.8	19.9	18.7	20.8	19.7	22.3	41.3	25.7	21.3	18.4	16.8	27.4	32.5
Administrative, Executive and Managerial Workers	62.0	70.2	68.5	70.3	67.6	66.5	51.8	65.5	75.2	80.7	82.4	60.1	61.5
Service and Sales Workers	7.2	3.5	3.0	1.8	3.8	5.9	4.9	5.5	1.4	0.8	0.8	1.7	2.5
Production and Related Workers	6.9	5.3	6.5	4.6	6.3	5.0	2.0	2.6	1.5	0.1	0.1	0.0	3.4
Others	2.0	1.2	3.4	2.7	2.5	0.3	0.0	0.6	0.6	0.0	0.0	10.8	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
NUMBER	1614	2033	2144	2451	3,094	3,701	4,333	6,055	5,335	5,956	5576	6,858	10,739

/a Based on number of Alien Employment Permits (AEPs) issued by Bureau of Local Employment

SOURCE: Bureau of Local Employment, Monitoring and Evaluation Division,
Department of Labor and Employment

TABLE 20
NUMBER OF LEGAL FOREIGN WORKERS BY INDUSTRY OCCUPATION GROUP
1990-2002

INDUSTRY	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
ALL INDUSTRIES	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AGRICULTURE, FISHERY & FORESTRY	3.7	2.0	5.0	4.2	2.9	0.8	0.9	0.8	1.0	1.1	1.5	1.3	0.5
INDUSTRY	47.4	46.3	46.2	55.6	55.3	48.3	51.3	46.7	52.4	50.8	53.0	60.4	62.1
Mining and Quarrying	0.9	0.7	1.2	2.4	1.6	0.6	1.8	0.8	1.7	1.2	1.8	0.2	0.4
Manufacturing	44.3	44.9	40.3	38.3	36.8	34.0	32.1	27.9	23.1	29.2	33.0	44.5	48.1
Electricity, Gas, & Water	0.4	0.0	0.0	3.4	2.0	1.8	1.8	1.7	3.8	1.8	0.9	3.3	2.6
Construction	1.8	0.6	4.7	11.5	14.9	11.8	15.5	16.3	23.7	18.6	17.4	12.5	11.0
SERVICES	48.9	51.7	48.8	40.2	41.8	50.9	47.7	48.6	46.5	48.1	45.5	38.3	37.4
Wholesale and Retail Trade	15.9	19.7	17.4	14.2	14.6	15.5	15.7	15.3	14.7	17.2	14.5	18.3	5.6
Transportation, Storage, & Communication	11.8	11.3	16.4	8.4	9.7	11.6	13.1	12.3	9.4	5.0	5.6	3.3	14.0
Financing, Insurance, Real Estate & Business Services	5.5	4.6	5.6	5.5	6.8	11.7	13.5	15.0	16.9	19.4	18.5	13.9	11.9
Community, Social & Personal Services	15.8	16.2	9.5	12.2	10.7	12.1	5.4	6.0	5.4	6.5	7.0	2.8	6.5
OTHERS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NOT AVAILABLE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	0.1	0.0	0.0	0.0	0.0

SOURCE: Bureau of Local Employment, Monitoring and Evaluation Division, Department of Labor and Employment

APPENDIX A
SELECTED ECONOMIC INDICATORS: PHILIPPINES
1993-2003
(Revised Estimates as of December 30, 2003)

Indicators	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Real GDP growth rate (%)	2.1	5.2	4.8	5.8	5.2	-0.6	3.4	4.4	3.0	4.4	4.5
Real GNP growth rate (%)		4.4	5.0	7.2	5.3	0.1	3.7	4.8	3.5	4.5	5.5
											(Q1-Q3)
Current Account, net (in US$ millions)	-3,016	-2,950	-3,297	-3,953	-4,351	1,546	7,219	6,258	1,323	4,197	1,852
at current prices											
											(Q1-Q3)
Inward Direct Investment (US$ millions)	1,869.1	4,111.1	5,239.7	10,380.8	9,591.7	5,801.6	12,107.6	4,985.3	2,579.8	3,294.3	2,270.6
Direct Equity Investment (US$ millions)	377.7	881.9	815.0	1,281.0	1,053.4	884.7	2,106.7	1,398.2	857.8	1,431.4	935.5
Portfolio Investment (US$ millions)	1,491.4	3,229.2	4,424.7	9,099.8	8,553.3	4,916.9	10,000.9	3,587.1	1,722.0	1,862.9	1,335.1
Foreign Direct Investment											(Q1-Q3)
Registered/1 (million pesos)	na	na	na	na	34,781.3	35,075.3	39,864.4	40,099.4	36,751.3	66,106.7	43,083.5
Approved (million pesos)	na	na	na	101,428.4	262,068.8	171,570.4	106,739.5	80,374.2	62,436.1	46,048.7	19,924.4
Producer's Price Index											(Jan-Nov)
Agriculture (1994=100)	153.1	166.2	109.9	121.3	119.3	126.5	132.6	128.3	125.2	na	na
Total Manufacturing/2	101.5	105.6	110.2	114.6	118.7	131.7	137.9	150.2	165.6	170.4	184.0
Consumer Price Index /3	178.1	194.3	210.0	227.7	239.2	136.9	145.9	152.3	161.6	166.6	171.7
Exchange Rate (Peso to Dollar)	27.12	26.42	25.71	26.22	29.47	40.89	39.09	44.19	51.09	51.60	54.20
Real GDP Per Capita											
in constant (1985) pesos	10,961	11,169	11,434	11,800	12,106	11,814	11,958	12,222	12,746	13,006	13,283
Real GNP Per Capita											
in constant (1985) pesos	11,151	11,458	11,804	12,693	12,616	12,432	12,625	12,958	13,654	13,938	14,366
Real mininum wage (pesos/day)/4											
Non-Agricultural											(Q1-Q2)
National Capital Region (NCR)	67.6	68.0	61.6	65.4	75.1	154.5	156.8	163.3	168.5	174.34	173.69
Regions Outside NCR	47.7 - 79.4	50.8 - 73.3	40.9 - 66.8	39.8 - 73.3	41.4 - 89.4	73.7 - 154.5	62.3 - 163.4	59.5 - 155.4	56.9 - 159.5	54.99-171.9	53.37-170.7
Agricultural											(Q1-Q2)
Plantation	42.5 - 57.9	41.8 - 67.7	33.7 - 61.6	32.8 - 68.4	40.9 - 82.0	68.7 - 145.7	59.6 - 147.3	57.6 - 143.2	57.3 - 143.9	55.7 - 155.6	54.1 - 150.7
Non-Plantation	32.3 - 48.8	30.0 - 56.0	27.3 - 51.0	32.4 - 58.9	35.1 - 67.8	69.2 - 140.1	62.7 - 147.3	51.5 - 143.2	52.8 - 143.9	55.3 - 155.6	53.7 - 150.7

/1 Refers to FDIs in cash or in kind in any enterprise organized or existing under Philippine laws registered with the International Operations Department of the Central Bank of the Phlippines.
/2 1993 - 2000 are at 1992 prices; 2001 - 2003 are at 1994 prices
/3 1993 - 2000 are at 1988 prices; 2001 - 2003 are at 1994 prices
/4 Real wages are from lowest to highest range. Data from 1993-1996 are at 1988 prices; 1997-2003 are at 1994 prices.

Sources: National Statistical Coordination Board;Bangko Sentral ng Pilipinas (Central Bank of the Philippines)

APPENDIX B
DOMESTIC EMPLOYMENT INDICATORS: PHILIPPINES
1993-2003

INDICATORS	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Household Population 15 Years Old & Over (in thousands)	41,004	42,213	43,156	44,599	45,770	46,963	46,321	47,640	48,929	50,344	51,791
Labor Force (in thousands)	26,879	27,654	28,373	29,733	30,354	31,055	30,758	30,911	32,809	33,936	34,560
Number of Employed Persons (in thousands)	24,382	25,032	25,670	27,186	27,715	27,911	28,980	27,453	29,156	30,062	30,628
Agriculture, fishery and forestry	11,139	11,286	11,140	11,645	11,314	10,933	12,867	10,181	10,850	11,122	11,203
Industry	3,804	3,948	4,139	4,430	4,631	4,583	4,533	4,455	4,713	4,694	4,838
Manufacturing	2,457	2,539	2,617	2,696	2,732	2,716	2,746	2,745	2,906	2,869	2,939
Services	9,439	9,798	10,391	11,108	11,764	12,389	11,572	12,811	13,592	14,246	14,586
NEC	0	0	0	4	6	6	8	6			
Number of Unemployed Persons (in thousands)	2,497	2,622	2,703	2,546	2,640	3,016	3,017	3,459	3,653	3,874	3,932
Women				1,082	1,110	1,159	1,165	1,303	1,478	1,579	1,549
Men				1,464	1,530	1,857	1,852	2,156	2,174	2,295	2,383
Employment Rate	90.7	90.5	90.5	91.4	91.3	90.0	90.2	88.8	88.9	88.6	88.6
Unemployment Rate	9.3	9.5	9.5	8.6	8.7	10.1	9.8	11.2	11.2	11.4	11.4
Underemployment Rate	21.7	21.4	21.4	21.0	22.1	21.8	22.1	21.7	17.2	17.0	17.0
Jobs Created (in thousands)	686	650	644	1510	528	196	1,069	-1,527	1,703	906	566
Agriculture	413	147	-139	498	-331	-381	1,934	-2,686	669	272	81
Industry	-19	144	191	291	201	-47	-50	-78	258	-19	144
Manufacturing	-66	82	78	79	36	-15	30	-1	161	-37	70
Services	292	359	593	721	659	624	-817	1,239	781	654	340
Establishment Closures/Retrenchments											
Establishments Affected (number):			729	900	907	3,072	2,266	2,258	2,846	3,403	na

Agriculture, Fishery & Forestry	51	88	61	95	65	63	110	na	na
Industry	342	411	400	1,254	846	790	940	na	na
Manufacturing	309	386	356	1,025	716	668	804	na	na
Services	336	401	446	1,723	1,355	1,405	1,796	na	na
Workers Displaced (number)	37987	47,023	39,176	76,726	69,735	67,624	71,764	80,091	na
Agriculture, Fishery & Forestry	4696	2,989	4,966	2,483	1,524	1,073	1,904	na	na
Industry	26253	35,284	23,021	43,561	41,096	38,373	40,029	na	na
-Manufacturing	25263	33,849	20,039	35,952	36,153	35,774	37,220	na	na
Services	7038	8,750	11,189	30,682	27,115	28,178	29,831	na	na

Source: Department of Labor and Employment: Current Labor Statistics, various years

Notes:

1. Details may not add up to respective totals due to rounding.
2. Employed persons: persons in the labour force who were reported either at work or with a job or business although not at work during the reference period. although not at work during the reference period
3. Unemployed persons: persons in the labour force who did not work or had no job/business during the reference week and were reportedly looking for work.
4. Underemployed persons: employed persons who express the desire to have additional hours of work in their present job or in an additional job, or to have a new job with longer hours.
5. Labour Force: population 15 years old and over who contribute to the production of goods and services in the country

APPENDIX C
MIGRATION OUTFLOWS BY REGION AND COUNTRY OF DESTINATION
1990-2003

MIGRATION OUTFLOWS	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Jan - July 2003
1. ALL OVERSEAS FILIPINO WORKERS	**446,095**	**615,019**	**686,457**	**696,630**	**719,602**	**654,022**	**660,122**	**747,696**	**831,643**	**837,020**	**841,628**	**866,590**		
A. LAND-BASED/a	**334,883**	**489,260**	**549,651**	**550,872**	**565,226**	**488,621**	**484,653**	**559,227**	**638,343**	**640,331**	**643,304**	**661,639**		
AFRICA	**1,273**	**1,964**	**2,510**	**2,425**	**3,255**	**3,615**	**2,494**	**3,517**	**5,538**	**4,936**	**4,298**	**4,943**	**6,919**	**4,874**
AMERICAS	**9,557**	**13,373**	**12,319**	**12,228**	**12,603**	**13,469**	**8,378**	**7,058**	**9,152**	**9,045**	**7,624**	**10,679**	**11532**	**7,641**
U.S.A.	5,094	5,791	5,964	6,304	7,035	7,456	3,190	2,397	3,173	3,405	3,529	4,689	3,535	3,030
Canada	2,836	3,954	2,959	2,473	1,718	1,813	1,566	1,714	1,957	2,020	1,915	3,132	4,058	2,430
Others	1,627	3,628	3,396	3,451	3,850	4,200	3,622	2,947	4,022	3,620	2,180	2,858	3,939	2,181
ASIA	**90,768**	**132,592**	**134,776**	**168,205**	**194,120**	**166,774**	**174,308**	**235,129**	**307,261**	**299,521**	**292,067**	**285,051**	**288,481**	**166,924**
Brunei	4,206	8,738	10,866	10,960	9,731	6,807	7,651	9,594	16,264	12,978	13,649	13,068	11,564	6,307
Hong Kong	34,412	50,652	52,261	62,583	62,161	51,701	43,861	78,513	122,337	114,779	121,762	113,583	105,036	55,872
Indonesia	332	639	760	812	922	1,225	1,497	2,031	2,471	1,706	1,507	1,411	1,492	1,020
Japan	41,558	57,344	51,949	43,542	54,879	25,032	20,183	33,226	38,930	46,851	63,041	74,093	77,870	40,728
Korea	119	193	230	703	5,054	4,395	2,968	3,647	2,337	4,302	4,743	2,555	3,594	4,460
Malaysia	4,397	5,741	7,095	12,409	11,674	11,622	12,340	13,581	7,132	5,978	5,450	6,228	5,721	5,277
Singapore	4,698	7,697	8,656	11,568	11,324	10,736	15,087	16,055	23,175	21,812	22,873	26,305	27,648	17,646
Taiwan	54	33	1,193	23,025	34,387	50,538	65,464	72,748	87,360	84,186	51,145	38,311	46,371	28,385
Others	992	1,555	1,766	2,603	3,988	4,718	5,257	5,734	7,255	6,929	7,897	9,497	9,185	7,229
EUROPE	**6,853**	**13,156**	**14,590**	**13,423**	**11,513**	**10,279**	**11,409**	**12,626**	**26,422**	**30,707**	**39,296**	**43,019**	**45,363**	**24,191**
England	151	254	274	220	169	210	198	265	491	1,896	4,834	10,695	13,633	8,744
Germany	100	143	160	159	236	213	139	138	156	131	120	134	89	46
Italy	3,229	8,038	9,251	9,368	7,421	5,829	6,780	8,915	20,233	21,673	26,386	21,641	20,034	7,475
Spain	254	451	1,002	622	643	1,032	1,496	669	1,940	1,557	1,913	1,783	1,751	868
Others	3,119	4,270	3,903	3,054	3,044	2,995	2,796	2,639	3,602	5,450	7,560	8,766	9,856	7,058
MIDDLE EAST	**218,110**	**302,825**	**340,604**	**302,975**	**286,387**	**234,310**	**221,224**	**221,047**	**279,767**	**287,076**	**283,291**	**297,533**	**306,939**	**176,814**
Bahrain	5,804	8,863	9,717	6,461	6,127	4,131	4,529	3,341	5,180	5,592	5,498	5,861	6,034	4,015
Iraq	493	4	4	7	5	1	2	2	10	23	42	86	50	8
Kuwait	5,007	14,819	15,872	11,256	11,486	9,852	10,802	10,205	17,372	17,628	21,490	21,956	25,894	13,372
Libya	3,508	5,988	6,363	7,176	6,908	6,874	8,221	6,270	7,084	5,937	5,962	5,484	6,114	2,617
Saudi Arabia	169,886	228,139	260,112	230,996	215,361	168,604	155,848	160,302	193,698	198,556	184,724	190,732	193,157	109,005
U.A.E.	17,189	26,601	28,839	30,045	27,713	26,235	26,069	25,579	35,485	39,633	43,045	44,631	50,796	30,267
Others	16,223	18,411	19,697	17,034	18,787	18,613	15,753	15,348	20,938	19,707	22,530	28,783	24,894	17,530

APPENDIXC(continuation)
MIGRATION OUTFLOWS BY REGION AND COUNTRY OF DESTINATION
1990-2003

MIGRATIONOUTFLOWS	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Jan-Jul 2003
OCEANIA	942	1,374	1,669	1,507	1,295	1,398	1,577	1,970	2,524	2,424	2,386	2,061	1,917	910
Australia	55	58	44	63	46	74	48	90	182	184	234	148	138	76
Papua New Guinea	761	1,176	1,509	1,373	1,170	1,240	1,461	1,726	2,226	2,097	1,987	1,743	1,542	789
Others	126	140	116	71	79	84	68	154	116	143	173	170	237	45
TRUSTTERRITORIES	7,380	11,409	11,164	8,890	8,489	7,039	4,869	5,280	7,677	6,622	7,421	6,823	6,075	2,775
Commonwealth of Northern Marianas Island	6,723	10,424	9,844	7,531	7,175	5,416	3,457	3,802	5,982	4,837	5,215	4,681	4,163	2,027
Others	657	985	1,320	1359	1,314	1,623	1,412	1,478	1,695	1,785	2,206	2,142	1,912	748
NOTREPORTED	0	12,567	32,019	41,219	47,564	51,737	60,394	72,600	2	0	6,921	11,530	10,882	6,144
B.SEABASEDWORKERS	111,212	125,759	136,806	145,758	154,376	165,401	175,469	188,469	193,300	196,689	198,324	204,088	209,593	128,718
EMIGRANTS/b	63,208	62,671	64,172	66,413	64,537	56,016	60,913	54,059	39,009	40,507	51,031	52,054	57,720	na
UNITEDSTATES/c	43,816	43,981	46,707	44,922	40,519	34,614	41,312	37,002	24,886	24,123	31,324	31,287	36,557	na
CANADA	8,409	7,233	7,454	11,633	14,303	11,288	10,050	8,215	5,651	6,712	8,245	9,737	8,795	na
AUSTRALIA	5,855	5,728	4,104	3,084	3,224	2,966	2,002	2,124	2,189	2,597	2,298	1,965	2,603	na
JAPAN	3,575	3,954	4,049	4,527	4,226	4,883	4,510	4,171	3,810	4,219	6,468	6,021	5,734	na
OTHERS	1,553	1,775	1,858	2,247	2,265	2,265	3,039	2,547	2,473	2,856	2,696	3,044	4,031	na

/a Data from 1990 - 1997 refer to deployed overseas Filipino workers based on statistics on departing workers from the Balik-Manggagawa (Returining/Visiting Workers) processing unit of POEA.
Data for 1998-2000 refer to deployed overseas Filipino workers based on statistics on departing workers from the Labor Assistance Center (LAC) of POEA on actual departures of OFWs at the international airports.
Source of raw data: Philippine Overseas Employment Administration
/b Refers to permanent migrants Source of raw data: Commission on Filipinos Overseas
/c1981-1991: includes the Trust Territories of American Samoa, Guam, Marianas Islands, Saipan, & U.S. Virgin Island
1992-1994: includes Trust Territories of American Samoa, Guam, Marianas Islands, Saipan, U.S. Virgin Island, and the the Commonwealth of Puerto Rico
nda: no data available

Country Report

Republic of Korea

by

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International Migration in Korea: 2002-2003

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I. Introduction

There was a big turning point in Korea's foreign worker policy in 2003. The Korean government has finally decided to accept unskilled foreign labor as a worker.

The new work system will become effective from August 1, 2004 (next year). Under the new system, foreign workers will have the same rights as domestic workers. The work contract period is one year at a time and the maximum work period is 3 years.

Under the new scheme, qualified Korean employers (Korean employers with less than 300 employees in the areas of manufacturing, construction and service-related will be given a priority) must show that they have attempted to find domestic workers through public employment center offices for one month without success. Then, the Korean employers can receive what is a certificate of shortage of employees and then enter into employment contracts with those foreign workers who meet the qualifications.

Most foreign workers who were in illegal status was able to apply for work permits under the current system, depending on how long the workers had been in illegal status from March 31, 2003, which was the crucial date for the calculation. The foreign workers who had been in Korea less than 3 years from this date were able to stay in Korea for 2 years at the maximum. The foreign workers who had been in Korea between 3 to 4 years could leave Korea with an advance approval certificate to re-enter and if they re-enter Korea within 3 months of their departure date, they can work for the maximum period of 5 years including the period of their illegal stays in Korea. The foreign workers who had been present illegally in Korea for over 4 years since March 31, 2003 must leave Korea, since the Korean government would take actions to deport them.

Under the government program, 189,769 undocumented foreign workers reported to the authorities. Out of 110,000 who did not report to the authorities, 20,000 left Korea by November 15. The rest of them have decided to stay. They seem to believe that they can bypass the government deportation this time, too.

Now Korea has a dual scheme of unskilled foreign labor: employment/trainee scheme and work permit system since the government has decided to keep the foreign employment/training scheme which has been run by the Small Business Federation with the Small Enterprise Office for the last ten years or so.

II. General economy and the labor marker

The Korean economy began to recover from the poor performance of 2002 (The GDP growth rate of 2001 was 3.0 percent). The GDP growth rate went up to 6.3 percent. The construction and service sectors were an engine for the outstanding economic outcomes. The labor market became even tighter. The unemployment rate dropped to 3.1. Even in some months of 2002, the unemployment rates were below 3.0 percent for the first time after the 1997 financial crisis. The real wage increased 8.7. The labor shortage problem is the most serious in the small and medium industry.

III. International labor movement

6,693,029 Korean residents went overseas which increased by 16.6 percent. In all purposes except employment and lecture/research, more Koreans went abroad. Particularly, visit and sightseeing purpose went up by 30.0 percent.

For destination country, China became the country, which the largest number of Koreans visited, with its proportion going up from 20.4 percent to 25.9 percent. The importance of Japan increased (its proportion increased from 21. 0percent to 21.5 percent), while the USA (its proportion went down from 11.7 percent to 11.6 percent) continued to decrease. The proportions of Thailand and the Philippines also increased.

On the other hand, in 2002 a total of 5,204,670 foreigners came to Korea, which increased 3.3 percent from the pervious year. In 2001 3.3 percent less of foreigners came compared to 2000.

In terms of staying qualification status, short-time visits of journalists increased the most (183.4 percent up), then short-time employment and study increased by 37.2 percent and 31.4 percent, respectively. The most decreased qualification status was entertainment (24.9 percent down). Tourism that still comprises more than 50 percent of foreign visits also decreased by 1.1 percent.

By nationality of foreigners coming to Korea, Japanese (44.8 percent), Chinese (10.8 percent) and American (10.7 percent) included almost 70 percent. The most increased nationalities included Mexicans (66.3 percent up), Brazilians (51.3%) and Malays (47.9 percent up). On the other hand, 22.9 percent more of Chinese came.

62.8 percent foreigners stayed less than six days in Korea.

The registered foreign population in Korea increased 9.9 percent from 229,648 in 2001 to 252,457 in 2002. All major countries' nationals increased. Particularly, Chinese went up from 73,567 in 2001 to 84,590 in 2002.

The number of the registered legal workers increased by 43.6 percent from 28,195 in 2001 to 40,485 in 2002. The workers who changed its status from a trainee to a worker took the largest proportion (45.9 percent). Language teachers (26.8 percent) and entertainers (13.1 percent) also took large shares. The number of the registered trainees decreased slightly. But, many of these trainees overstayed. The number of the overstayed foreigners continuously increased from 188,995 in 2000 to 255,206 in 2001m then to 289,239 in 2002. As a result, the proportion of the over-stayers in the whole foreign labor continued to remain more than 70 percent.

<Table 1> Foreign workers in Korea

(Unit: persons, %)

	Total	Skilled labor	Trainee		Over-stayers
			Companies with factories abroad	Employment/ training scheme	

1994.12	81,824 (100.0)	5,265 (6.4)	9,512 (11.6)	18,816 (23.0)	48,231 (58.9)
1995.12	128,906 (100.0)	8,228 (6.4)	15,238 (11.8)	23,574 (18.3)	81,866 (63.5)
1996.12	210,494 (100.0)	13,420 (6.4)	29,724 (14.1)	38,296 (18.2)	129,054 (61.3)
1997.12	245,399 (100.0)	15,900 (6.5)	32,656 (13.3)	48,795 (19.9)	148,048 (60.3)
1998.12	157,689 (100.0)	11,143 (7.1)	15,936 (10.1)	31,073 (19.7)	99,537 (63.1)
1999. 12	217,384 (100.0)	12,592 (5.8)	20,017 (9.2)	49,437 (22.7)	135,338 (62.3)
2000. 12	285,506 (100.0)	19,063 (6.7)	18,504 (6.5)	58,944 (20.6)	188,995 (66.2)
2001. 12.	329,555 (100.0)	27,614 (8.4)	13,505 (4.1)	33,230 (10.1)	255,206 (77.4)
2002. 12.	362,597 (100.0)	33,697 (9.2)	14,035 (3.9)	25,626 (7.1)	289,239 (79.8)
2003. 4.	373,467 (100.0)	33,030 (8.8)	13,212 (3.5)	37,731 (10.1)	289,494 (77.5)

Note: Numbers in parenthesis are proportions to the total numbers.

IV. Government polices concerning unskilled foreign labor

Unskilled foreign workers began to enter Korea from the late 1980s. In the beginning their number were only a few thousands. But, soon their number increased substantially since many employers could not find Korean workers who wanted to work for them. Now it comprises about two percent of the Korea's labor force. But a big problem with Korea's foreign labor is the size of undocumented workers. Its number is large. The undocumented workers increased from 100,000 in 1998 to 189,000 in 2000, then 289,000 in 2002. Moreover, its proportion in the total labor force is more than 70 percent. The large presence of undocumented foreign labor was largely attributed to that Korea did not allow unskilled foreign workers as workers.

But, recognizing the seriousness of the presence of undocumented foreign workers, in June 2002, the Korean government shifted its position concerning the use of foreign unskilled labor. It allowed the presence of foreign unskilled labor as workers for the first time, even though it was confined to the service sector. Now foreigners with Korean ancestors can apply for work permit only in the service sector. It is called “employment management scheme”. Only foreign workers with Korean ancestors are eligible for work permit. At the same time, it enlarged the foreign trainee scheme. The number of foreign trainees increased from 126,750 to 145,500 and more sectors (agriculture) became allowed to use foreign labor. However, the situation had not improved.

Finally, in July 2003 Korea introduced a new work permit system for unskilled foreign workers. Foreign workers will be brought to Korea from August 2004. Under the new scheme, qualified Korean employers (Korean employers with less than 300 employees in the areas of manufacturing, construction and service-related will be given a priority) must show that they have attempted to find domestic workers through public employment center offices for one month without success. Then, the Korean employers can receive what is a certificate of shortage of employees and then enter into employment contracts with those foreign workers who meet the qualifications.

Most foreign workers who were in illegal status was able to apply for work permits under the current system, depending on how long the workers had been in illegal status from March 31, 2003, which was the crucial date for the calculation. The foreign workers who had been in Korea less than 3 years from this date were able to stay in Korea for 2 years at the maximum. The foreign workers who had been in Korea between 3 to 4 years could leave Korea with an advance approval certificate to re-enter and if they re-enter Korea within 3 months of their departure date, they can work for the maximum period of 5 years including the period of their illegal stays in Korea. The foreign workers who had been present illegally in Korea for over 4 years since March 31, 2003 must leave Korea, since the Korean government would take actions to deport them.

Under the government program, 189,769 undocumented foreign workers reported to the authorities. Out of them, 147,340 stayed less than three years and the rest of 42,429 did between three and four years. 83. 6 percent of the undocumented foreign workers who stayed less than four years turned out to reveal themselves to the authorities.

Out of 110,000 who did not report to the authorities, 20,000 left Korea by November 15. The rest of them have decided to stay despite that the Korean government is expected to strengthen efforts to deport them. They seem to believe that they can bypass the government deportation this time, too. Since foreign labor began to come to Korea beginning from the late 1980s, the Korean government tried to implement deportation programs more than ten times, but none of them were successful.

The shift of the government policy concerning foreign workers is partly due to the new government. President Roh Moo Hyun promised to introduce a work permit scheme for foreign labor when he ran for the President. When he started his office in February 2003, President Roh planned to replace the work/trainee scheme with the work permit scheme. Under the employment/trainee scheme, an unskilled foreign labor has one year of training and is employed for another two years as a worker after he or she passes some testes.

But, President Roh retreated his position. Small employers in manufacturing who now enjoy low costs of foreign trainees have been opposing the work permit scheme. President Roh could not overcome this hurdle, either. His party does not hold the majority seats in the National Assembly. Now Korea has a dual scheme of unskilled foreign labor: employment/trainee scheme and work permit system. The employment/training scheme is run by the Small Business Federation with the Small Enterprise Office, while the work permit system is going to be under the guidance of the Labor Ministry. While deciding to keep the employment/training scheme, the Korean government also plans to have the employment/training scheme operate according to its original purposes.

V. Program for certifying employment status and offering sojourn period to undocumented foreign workers

i. Eligibility

Foreign workers' illegal staying period should be less than four years as of Mar. 31, 2003 and should be employed as of the application dates.

Those who were illegally staying for less than three years were eligible for sojourn status. Those staying between three years and four years were eligible for visa issuance certificate which would be used when he or she try to reenter Korea.

But, those who are not reported as illegally staying foreign workers by March 31, 2003, those whose sojourn period is four years or more, smugglers, those who travel with falsified or forged passports, and those who transgress domestic laws could not enjoy this offer.

Undocumented workers also should work for the following industries at the time of application

- Small-and-medium-sized manufacturing companies employing less than 300 regular workers

- Construction businesses whose construction project costs 30 billion won under the Basic Act on Construction Industry (available only to ethnic Koreans with foreign nationalities)

- Six occupations in the services industry (available only to ethnic Koreans with foreign nationalities); restaurants (restaurants, lunch counters), Business support service (building cleansing services, cleansing of industrial equipment), social work activities, cleaning services, private households with employed persons, and private nursing and similar services.

- Inshore fisheries businesses including fisheries using bottom trawls weighed 10 to less than 25 tons

- Agricultural and livestock farming (businesses of a certain scale engaged in protected cultivation and livestock raising.

Those foreign workers who are employed for the jobs not permitted to them as of application dates could apply only after being employed for the jobs listed above. They also may inquire the Employment Security Centers about a job referral if they had difficulties in getting a job at the permissible businesses listed above.

ii. Procedures

In order to obtain permission to change status of sojourn or to receive a visa issuance certificate, an eligible applicant should follow two procedures: one through the Ministry of Labor and the other through the Ministry of Justice.

First, he or she should request a competent Employment Security Center of the Ministry of Labor to issue a document confirming his/her employment and then submit the issued confirmation document along with other required documents to an Immigration Control Office under the control of the Ministry of Justice.

For the Employment Certificate, the applicant should to go to competent Employment Security Center of the applicant's workplace from September 1 to October 31, 2003. Foreign workers should present themselves to the authorities. No proxy was allowed.

Documents to be submitted to the Employment Security Center were as follows.
- Passport or travel certificate
- The Employment Verification Report issued by employers
- A copy of the Business Registration Certificate (the Resident's Registration Certificate for home-making assistants, the Construction Business Registration Certificate and the Supplying Contract specifying construction project's costs for the construction business) and the Business License stating the business type
- The standard labor contract
- Documents proving ethnic Koreans with foreign nationalities (the Identification Card and the Census Register)
- A letter of oath
- One photo (colored and in half the size of a business card)

A Certificate on Employment Status was issued within three days after application.

In cases the workplace of an applicant operates multiple types of businesses, the applicant had to prove by submitting certificates (ex. a certificate on revenues and a document proving the number of full-time workers) that its main business was in the list of "Eligible Businesses" illustrated above.

After the obtaining the Certificate on Employment Status, the applicant should go to the competent Immigration Office of his or her workplace from September 1 to November 15, 2003. Foreign workers or employers on behalf of them could go to the Immigration Office.

Documents to be submitted to the Immigration Office were as follows.

For a foreign worker staying less than three years;

- Passport or travel certificate
- One photo (colored and in half the size of a business card)
- The Certificate on Employment Status issued by the Ministry of Labor
- The application paper for the sojourn status' change and registration of a foreigner
- 60,000 won for administrative stamps

For a foreign worker staying three years to less than four years;

- Passport or travel certificate
- One photo (colored and in half the size of a business card)
- The Certificate on Employment Status issued by the Ministry of Labor
- Application paper for approval on issuance of visa issuance certificate

A foreign worker staying less than three years were allowed to change a sojourn status and register as a foreigner. A foreign worker staying three years to less than four years had an approval paper for visa issuance

Those issued with the approval paper for visa issuance may be employed after departing from Korea, getting visa from the Korean mission to their nations and reentering Korea.

Foreigners who were permitted to stay until March 31, 2004 thanks to the grace period before voluntary departure should apply during the period mentioned earlier. Once they submit an application, the permitted grace period would be ended.

Employers and foreign workers who had the Certificate on Employment Status issued in writing, and submitting false Employment Verification Report and other application papers through falsification or other illegal methods would face punishment according to relevant laws. Especially, the employee concerned would face deportation.

iii. Sojourn period

Foreigners who completed changing their sojourn status and alien registration were allowed to work for a maximum of two years from promulgation of the Act on Employment etc., of Foreign Workers within a total of five years of stay. Meanwhile, in order to avoid the mix-up for the uniformed expiry of sojourn periods of foreign workers, the Ministry of Justice granted individual foreign workers with different expiry dates for their first sojourn period, depending upon their entrance dates.

Foreign workers who received the approval paper for the visa issuance may work until their five-year stay expired, and the period after departure to re-entrance was not included in the period of the five-year stay.

iv. Period for voluntary departure

Undocumented foreign workers who voluntarily departed from September 1 to November 15, 2003 were exempted from fines imposed for the violation of the Immigration Control Act and from disadvantages for the past illegal stay in cases of employment under the Employment Permit System in future.

Those who did not depart during the period stated above became subject to forced deportation by joint crackdown on illegal employment.

VI. Work permit scheme for unskilled foreign labor

i. Aim

The new work permit scheme for foreign labor aims to allow Korean employers who experience labor shortage channel to employ unskilled foreign labor through legal process.

ii. Government role

The Korean government is directly involved in bring and managing foreign labor. In bring foreign labor into Korea, the government will sign MOU with sending countries' governments for them to be responsible for selecting and managing their nationals who will work in Korea.

The MOU (the details of which will be released in 2004) will include the following elements.

- Only government agencies in sending countries will be involved in selecting labor that will work in Korea.
- Objective criteria for selecting candidates are provided by the Korean government; the criteria will include education, experiences and Korean test.
- The selected candidates will not be guaranteed employment in Korea.
- In renewing the MOU every two year, problems concerning selecting and sending labor, the number of overstaying workers, preferences of Korean employers toward their nations will be considered.
- The governments of the sending countries will have to work hard to prevent their nationals to leave their workplace without permission.

The Korean employers have to find foreign labor through public employment centers and the Korean Manpower Agency under the Labor Ministry is responsible for bring foreign labor into Korea on behalf of the government.

iii. Requirements for Korean employers.

The Korean employers who want to employ unskilled foreign labor must show that they have attempted to find domestic workers for one month without success by requesting public employment centers to find Korean workers for them.

The qualified Korean employers select their foreign employees among a list of candidates who meet their requirements such as job skills and Korean language competence.

iv. Employment period

After the maximum three-year employment period, foreign workers will have to go out of Korea and stay outside Korea for one-year period before being able to come to Korea to work again for another 3-year period.

Family members of foreign workers will not be allowed to enter. This is designed to dissuade foreign workers from permanently staying in Korea.

v. Rights of unskilled foreign labor

All labor rights including union rights will be guaranteed to the foreign workers. Their wages and working conditions may be different from those of Korean workers based on their productivity and experiences, but not by their nationality.

vi. Procedures

Procedures for selecting and bring foreign labor will be different between ordinary foreign workers and foreign workers with Korean ancestors.

(1) Procedures for ordinary foreign workers

1) The Foreign Labor Policy Committee determines which businesses wi ll use foreign labor and which countries can send their nationals.
2) The Korean government and the government of selected sending countries sign the MOU.
3) The concerned public agencies of the sending countries make a pool of candidates who can work in Korea. In selecting candidates they must use objective criteria. If they cannot select by using the objective criteria, they must do so randomly, i.e. by using computer selection process. The sending countries' government agencies must send the

list of candidates to the Korean Manpower Agency regularly.

4) The Korean public employment centers nationwide issue a Certificate of Labor Shortage to the Korean employers who have attempted to employ Korean workers for one month without success. The Korean employers who obtain the Certificate apply for unskilled foreign labor with their requirements for foreign labor employment to the public employment centers.
5) The public employment centers recommend multiple candidates of foreign workers to the employer and the employer select one of them.
6) The Korean employer and the selected foreign worker sign a labor contract.
7) With the Certificate of Labor Shortage and the labor contract the Korean employer applies for a visa recognition certificate of the foreign worker.
8) The Korean employer sends the visa recognition certificate to the foreign worker. The foreign worker obtains visa from the Korean embassy in his or her country and comes to Korea. After entering Korea, the foreign worker should receive training for a certain period to have a pre-knowledge about Korea.

(2) Procedures for foreign workers with Korean ancestors

1) The Foreign Labor Policy Committee determines which businesses will use foreign labor and which countries can send their nationals.
2) The Korean embassies will issue a visa for the purpose of visit to qualified foreign workers with Koran ancestors, but if those who wish to come to Korea are more than the allowed number, Korean test will be given or computer will be used to select the candidates.
3) The foreign workers come to Korea and receive training for employment. For workers who wish to work for the construction sector may be given labor permit, which means that they can freely choose their jobs without going through the following procedure.
4) The foreign workers after receiving training apply for jobs to the public employment centers.
5) The Korean public employment centers nationwide issue a Certificate of Labor Shortage to the Korean employers who have attempted to

employ Korean workers for one month without success. The Korean employers who obtain the Certificate apply for unskilled foreign labor with their requirements for foreign labor employment to the public employment centers.

6) The public employment centers recommend multiple candidates of foreign workers to the employer and the employer select one of them.
7) The Korean employer and the selected foreign worker sign a labor contract.
8) With the Certificate of Labor Shortage and the labor contract the foreign worker applies for change of visa status for him or her to work in Korea.
9) The Ministry of Justice issues a new visa status to the foreign worker with Korean ancestors.

vii. Comparing with employment/training scheme

The differences between the new work permit scheme and the existing employment/training system are as follows.

<Table 2> Work permits scheme and employment/training scheme

	Work permit scheme	Employment/training scheme
Status of worker	Trainee for the first year and workers for the next two years	Worker for three years
Responsible agency	Public authorities	Small Business Federation
Labor allocation system	Employers chance to choose their workers.	Neither employers nor workers have chance to choose their workers or jobs
Protecting employment opportunities for domestic workers	Employers must attempt to find domestic workers for a certain period.	Industrial policy-related considerations are given priority without regard to the labor shortage

(1) Status of worker

Under the employment/training system, foreign labor works as a trainee for the first year and after passing a test he or she will be given worker status. One the other hand, foreign labor brought through the employment permit system will be given worker status from the beginning.

(2) Responsible agency

The Small Business Federation is mainly responsible for managing the work/employment scheme, while public authorities will manage the work permit system.

(3) Labor allocation system

Under the employment/training scheme, neither Korean employers can select their foreign workers, nor foreign workers can choose their employers. On the other hand, the work permit system will give employers chance to choose their workers.

(4) Protecting employment opportunities for domestic workers

Under the employment/training system, in selecting qualified Korean employers industrial policy-related considerations are given priority without regard to the labor shortage, while Korean employers must attempt to find domestic workers for a certain period.

Republic of Korea

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Real GDP growth	5.5	8.3	8.9	6.8	5	−6.7	10.9	9.3	3.1	6.3
Real GNP growth (%)	5.8	8.4	9.6	7.1	4.9	−6.7	10.7			
Current balance (billions, US$)	990	−3,867	−8,508	−23,005	−8,167	40,365	24,477	122,241	9	6
Producer price index (1995=100)	93.0	95.5	100.0	103.2	107.2	120.3	117.8	120.2	122.5	124.5
Consumer price index (2000=100)	74.2	78.8	82.3	86.4	90.2	97.0	97.8	100.0	104.1	106.9
Exchange rate of currency toward (Won/US$)	808.1	788.7	774.7	844.2	1,415	1,208	1,145	1,195	1,291	1,251
Real GDP per person	7,822.2	9,013.9	10,853.1	11,417.3	10,367.2	6,842.6	8,679.4	9,779.0	9,000.0	10,013.0
Real wage growth (%)	7.0	6.1	6.4	6.7	2.4	−9.3	11.1	5.6	1.5	8.7
Population (1,000: 15years old and over)	32,528	33,056	33,664	34,285	34,285	35,362	35,765	36,139	36,484	36,963
Labour force (1,000)	19,879	20,396	20,853	21,243	21,662	21,456	21,634	21,950	22,181	22,877
Number of employees (1,000)	19,328	19,905	20,432	20,817	21,106	19,994	20,281	21,061	21,362	22,169
Number of the unemployed (1,000)	551	490	420	426	556	1,461	1,353	889	819	708
Rate of unemployment (%)	2.8	2.4	2.0	2.0	2.6	6.8	6.3	4.1	3.7	3.1
Number of lay-off										
Emigration flow of nationals										
Number of nationals residing abroad										
Immigration flow of foreigners										
Number of foreigners residing (1000)		**84.905**	**110.028**	**148.731**	**176.890**	**147.914**	**168.950**	**210.249**	**229.648**	**252.457**
China		11.264	19.192	26.732	35.371	30.938	39.718	58.984	73.567	84.590
of which, with Korean ancestors		4.667	7.367	9.345	11.800	11.769	20.305	32.443	42.827	48.293
United States		19.611	22.204	26.413	27.882	26.051	25.827	22.778	22.018	22.849
Chinese Taipei		23.259	23.265	23.283	23.150	22.928	22.985	23.026	22.791	22.699
Indonesia		1.553	3.434	9.632	13.628	9.714	13.635	16.700	15.617	17.14
Japan		8.436	9.365	12.366	13.741	12.985	13.199	14.013	14.670	12.05
Philippines		5.704	9.004	10.837	13.065	7.960	10.797	15.961	16.361	17.296

Table - continued

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Vietnam		2.660	5.663	10.328	13.480	8.144	10.021	15.624	16.048	16.901
Bangladesh		1.272	2.700	6.258	7.907	5.744	6.732	7.882	9.097	8.99
Canada		1.243	2.962	3.704	4.216	2.994	2.986	3.296	4.029	4.977
Uzbekistan		0.051	0.810	1.008	2.185	2.023	2.327	3.737	3.952	4.186
Sri Lanka		1.200	1.674	2.870	3.676	2.397	2.243	2.544	2.481	2.72
Thailand		0.362	0.478	1.197	1.948	1.598	1.843	3.240	3.616	4.79
Pakistan		0.433	0.803	1.063	1.663	1.274	1.775	3.215	3.347	3.707
Russian Federation		0.363	0.503	0.787	1.018	1.016	1.531	2.581	3.296	4.019
France		0.584	0.685	0.852	0.989	1.096	1.298	1.466	1.350	1.43
Nepal		0.570	0.827	0.963	1.231	0.976	1.190	1.966	2.104	2.342
Germany		0.859	0.989	1.195	1.297	1.210	1.174	1.076	1.001	1.06
United Kingdom		0.835	0.857	1.175	1.247	1.017	1.056	1.269	1.565	2.014
Australia		0.528	0.614	0.821	0.920	0.871	0.919	1.022	1.254	1.623
Other										
Number of legal foreign workers (ovestayers included)		33,593	47,040	81,440	105,024	75,357	12,590	17,702	128,529	137,342
-employed		5,265	8,228	13,420	14,655	11,143	12,590	15,634	28,195	40,485
-Teaching (E-1)		511	647	793	862	790	821	687	713	800
-Language (E-2)		2,241	4,230	7,473	7,607	4,927	5,009	6,414	8,388	10,864
-Research (E-3)		125	290	539	657	591	522	763	901	1,152
-Technology (E-4)		396	599	918	997	471	347	338	206	195
-Professional (E-5)		145	198	254	267	339	360	373	407	396
-Entertainment (E-6)		563	598	1,017	1,444	1,133	2,265	3,916	5,092	5,285
Specific occupation (E-7)		1,284	1,666	2,426	2,821	2,892	3,266	3,143	2,904	3,184
training/Employment (E-8)								2,068	9,684	18,609
-trainee		28,328	38,812	68,020	90,369	64,214	78,945	104,847	100,344	96,857
Number of ovestayers		75,533	133,727	195,379	177,471	99,537	135,300	188,895	255,206	362,597
-China		19,149	36,462	50,620	57,722	55,628	68,798	95,625	130,291	

Table - continued

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
−Philippines		7,614	10,323	14,602	13,909	6,404	9,213	12,890	16,843	
−Bangladesh		5,244	5,547	9,610	9,033	7,462	10,884	14,475	15,538	
−Mongolia									15,280	
−Nepal		2,072	2,259	2,388	1,059	606				
Number of ovestayers		27,302	51,834	66,325	29,423	99,537	135,300	188,955	255,206	
−Pakistan		2,276	2,952	5,455	5,935	3,090	4,286	6,054	6,651	
−Thailand		1,305	2,071	6,276	8,200	2,372				
−Others		10,571	22,279	40,103	52,190	23,961	25,107			

Country Report

Singapore

by

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Summary

In 2003, Singapore suffered the effects of SARS and global and regional events such as the war on Iraq and terrorism. The unemployment rate among Singapore citizens and permanent residents (the resident population) rose to over 6% in September 2003 while the overall rate nation-wide was 5.9%. Early estimates show that economic growth in 2003 slowed to only 0.8%. However, there are signs of recovery of both the economy and the labour market. According to the latest preliminary estimates (released by the Ministry of Manpower at end-January 2004), the resident unemployment rate ameliorated to 5.0%, and the overall unemployment rate to 4.5%, in December 2003. The economy is expected to grow by 3-5% in 2004.

Singapore strategy to employment creation continues to be through attracting foreign direct investment and building a network of free trade agreements. Efforts to assist the unemployed find new employment through counselling and training also continue. The Workforce Development Agency was set up, and began operation in September, for this purpose.

Despite the rising unemployment rate, the government continued to reiterate the useful role played by the foreign workforce. There are currently about 500,000 work permit holders, including more than 140,000 foreign domestic workers, in Singapore. Employment pass holders (comprising those with degrees, professional qualifications or specialist skills and who command monthly salaries of more than S$2500) number about 70,000.

During the year, another accreditation scheme for employment agencies dealing in foreign domestic workers was endorsed by the Ministry of Manpower. This brought the total of such accreditation schemes to two. First time employers of foreign domestic workers would also be required to undergo an orientation from January 2004. Indonesia also announced that it would accredit Singapore agencies recruiting domestic workers in Indonesia. Employers are also required to sign an agreement with certain stipulated conditions. It was also announced that the Indonesian island of Batam would be the only exit point for Indonesian domestic workers leaving for employment in Singapore. Training and the various tests would also take place in Batam.

Due to continued weakness in the construction sector, the government postponed indefinitely its plan to introduce multi-skilling for foreign workers in this sector. Under the proposed scheme, employers of foreign construction workers with more than one certified skills would qualify for the lower, skilled worker levy of S$30 per month. The levy for workers with the minimum requirement of a single certified skill would be S$320. In announcing the postponement in December 2003, the government also announced that the levy for foreign construction workers with a single certified skill would be raised to S$50 from the current S$30, while the levy for workers with no certified skill would remain at S$470.

An EntrePass Scheme was launched to facilitate entry of entrepreneurs and innovators to start business ventures in Singapore. This scheme recognises that entrepreneurs and innovators may not necessarily possess the educational qualifications required under the Employment Pass scheme. The Singapore Medical Council approved direct hiring of foreign doctors by private hospitals and clinics, in line with Singapore's goal to be medical hub.

End.

1 Introduction

Highlights of most important developments in the last 12 months

Singapore experienced record high unemployment rate during the year as the economy slowed down. The government defended its foreign worker policy on grounds that the foreign workforce forms a useful buffer helping Singapore to adjust to economic cycles. This is perhaps the reason that there were fewer foreigners living in the country as compared to 2002. To help Singaporeans look for jobs, the Workforce Development Authority (WDA) was set up and came into operation in September. This agency provides counselling, advice and training where needed.

To raise the skills levels in the ailing construction industry which has been suffering from low/negative productivity growth, the government announced a scheme that would require foreign workers to be certified in 2 or more skills before their employers could qualify for the skilled worker levy (see below). The implementation of this scheme was postponed indefinitely, however, due to the weakness in the construction industry. The minimum levy (for workers with one certified skill) was also raised from S$30 to S$50 per month. The levy for workers with no certified skill (unskilled workers) remained at $470 per month. A new registration system for construction firms wanting to hire non-traditional source foreign workers (i.e. foreign workers from Asian sources other than Malaysia) was announced in February. The objective is to stem abandonment, exploitation and illegal deployment (see item f below).

Developments regarding foreign domestic workers include the Ministry of Manpower's endorsement of a second accreditation scheme for maid employment agencies. Indonesia also announced that Singapore employment agencies would have to be accredited by the country. Employers of Indonesian foreign domestic workers would also have to sign an agreement containing a list of about 10 items and pay a fee.

An EntrePass Scheme was launched to facilitate entry of entrepreneurs and innovators to start business ventures in Singapore. The EntrePass scheme recognises that these entrepreneurs and innovators may not necessarily possess the educational qualifications and salary levels required under the Employment Pass scheme.

The Singapore Medical Council approved direct hiring of foreign doctors by private hospitals and clinics from 14 March. Previously these were required to be supervised for one year in public hospitals and clinics before they could register with the council and work in the private sector. This move was in line with Singapore's goal to be medical hub.

In April 2003, a new agency, the Immigration and Checkpoints Authority came into operation combining the functions of the former Singapore Immigration and Registration and the Customs and Excise Department. Thus in addition to immigration control, it also handles passport issue, citizenship and residency matters, issuance of re-entry permits and visitor passes, among others.

2 Domestic economy and labour market

(a) Recent trends in domestic economy (including economic policy and development strategy)

The most recent estimates show that the Singapore economy grew by only 0.8% in 2003, well below the 2.2% recorded for 2002 (Press Release: Advance GDP Estimates for Fourth Quarter 2003, Ministry of Trade and Industry [http://www.mti.gov.sg/public/NWS/frm_NWS_Default.asp?sid.=38&cid=1899).
Growth was led by the manufacturing sector, with 2.5% (see table below). The impact of SARS (which infected 239 and caused 33 deaths), terrorism and the US-led war on Iraq was fully felt in the second quarter. However, by the fourth quarter of 2003, favourable external factors such as growth in regional economies and the electronics and pharmaceutical industries raised the growth rate to nearly 8%. The services producing sector also grew, due to stronger trade, increased sales of motor vehicles and increased activities in the financial services sector. The construction sector remained weak although the rate of decline is slowing.

Gross Domestic Product at 1995 Market Prices (Advance Estimates)

	4Q02	2002	1Q03	2Q03	3Q03	4Q03*	2003
Overall GDP	3.0	2.2	1.6	-3.7	1.8	3.7	0.8
Goods-producing Industries							
Manufacturing	9.9	8.3	6.2	-6.4	3.3	7.5	2.5
Construction	*-11.9*	*-10.8*	*-14.4*	*-9.0*	*-9.1*	*-8.9*	*-10.4*
Services-producing Industries	1.9	1.5	0.9	-2.8	1.8	3.2	0.8

* Advance estimates
Figures are percentage change over corresponding period of the previous year.

(b) Recent trends in domestic labour market (including surplus workforce and domestic wage disparities)

According to the latest (third quarter) report released by the Ministry of Manpower, total employment showed positive growth in the third quarter of 2003 after eight consecutive quarters of decline (Ministry of Manpower Press Release, "Labour Market, Third Quarter 2003 Report, 15 December 2003). The turnaround was brought about by return of jobs in the services sector as companies affected by SARS in previous quarter (when jobs declined by nearly 26,000) hired again against backdrop of strengthening economy. Employment in services sector grew by 3025, reversing the previous decline. Employment in the goods producing sector declined by 2125 but this was the smallest decline in nearly three years. The construction industry accounted for the most employment losses.

The overall seasonally-adjusted unemployment rate rose to 5.9% in September. The unemployment rate among the resident population (comprising citizens and permanent residents), however, rose 6.3% in the same quarter. This increase was partly due to an increase in the number of "discouraged" job-seekers re-entering the labour market after being inactive. Retrenchment moderated in Q3, with the total retrenchment for the year up to Q3 numbering nearly 14,000. The largest improvement was in the manufacturing sector with a 36% decline, followed by a 15% decline for the services sector. Retrenchment in construction remained unchanged.

Re-employment of retrenched local workers improved in Q3 compared to Q1 and Q2. However, the number of new job openings was insufficient to meet demand from new entrants and re-entrants, with only 18 job openings per 100 job seekers (as compared to more than 30 at the same time in 2001 and 2002.

2 Migration

(a) Number of foreign workers and trends in their employment

There are currently more than 500,000 Work Permit and more than 70,000 Employment Pass holders in Singapore (Ministry of Manpower, personal communication). The former includes more than 140,000 foreign domestic workers. Work Permits are granted to skilled (with at least one certified skill relevant to the job) and unskilled foreigners with a basic monthly of up to S$2,500. Covered under the Employment of Foreign Workers Act, WP holders are subject to certain restrictions such as not bringing their families with them and not being eligible for permanent residency. The foreign worker cannot be deployed to occupations or employers other than what is stated in their WP card. Foreigners with acceptable degrees, professional qualifications or specialist skills and command a monthly basic salary of more than S$2500 qualify for Employment Passes if they want to work or do business in Singapore. EP holders are not subject to the Employment of Foreign Workers Act. Certain EP holders are allowed to bring their families to Singapore and eligible for consideration for permanent residency after a short stay.

According to the business weekly, The Edge Singapore, a "good chunk" of imported labour comes from the Indian subcontinent, an "even greater chunk" from China, Hong Kong and Taiwan, and nearly 400,000 or about one in ten from Malaysia ("The global workforce", 14 April 2003). Citing a Watson Wyatt survey in 2001, it also offered that almost half of the foreign professionals in Singapore companies come from India, with China and Malaysia trailing closely behind. Most are brought to fill in information technology or engineering positions. The biomedical field is another area heavily reliant on foreign talent – "some figures put the proportion of foreigners at 40% of Singapore's research scientists". Even statutory boards and the public sector which traditionally hire only Singapore citizens have reportedly also begun to place foreigners in high level positions. Foreigners are also filling very senior positions in traditional Chinese companies.

(b) Number of emigrants and trends in their employment in foreign countries.

The estimated stock of Singaporeans overseas is about 100,000. In the article cited above, The Edge Singapore reported that some 29,000 Singaporeans are said to be working and living in Australia; over 10,000 in China and Hong Kong; and another 6,000 in the US.

(c) Trends in illegal immigration (number of persons and extent of illegal brokerage), number of visa over-stayers and number of illegal workers. (provide information on trends in detection of such persons)

The number of illegal immigrants arrested at checkpoints in Singapore from April to end-December 2003 was 254, with about 20% being made at land checkpoints (ICA press release, I CHECK ALL: Enhanced checks at land checkpoints yield effective results, 30 December 2003). According to the Immigration and Checkpoints Authority (which replaced the former Singapore Immigration and Registration and the Customs and Excise Department), heightened security checks at checkpoints due to concern over the terrorist threat has effectively deterred smuggling of people in and out of Singapore. Mobile x-ray is also used to detect contraband and illegal immigrants hidden in vehicles.

(d) Trends in remittances to home countries made by national working overseas and foreigners working in country (including assessment of economic impact at macro and micro levels)

No information is available.

(e) Trends in the social integration of foreigners working in the country (including information on social protection e.g. labour rights granted to foreign workers and social benefits available to them e.g. healthcare)

As reported previously, foreign workers in Singapore are subject to the same terms and conditions of work as locals. Only difference is that foreign workers who are not permanent residents are not required to contribute to the mandatory old-age savings scheme, the Central Provident Fund (CPF). By the same token, employers do not have to make CPF contributions for their foreign workers, unlike for local workers.

(f) Policy changes and trends in policy debate regarding migrants and their employment (including policies preventing illegal employment, facilitating entry of high skilled workers, remittances to home countries, social integration, encouraging migrants' return to their home countries and deportation)

i) A new registration system to curb rising trend of foreign workers being abandoned, exploited or deployed illegally was announced in February 2003. Beginning in 2004, all construction firms are required to register either with the Building Construction Authority (BCA) or the Singapore Contractors Association before they can hire people on work permits from countries other than Malaysia (non-traditional sources).

The measure is to ensure that firms reach minimum standards in their financial resources, track record and performance before they can hire non-Malaysian workers.

ii) The government announced in February 2003 that it would require foreign workers in the construction sector to be certified in more than one skill before their employers could qualify for the lower, skilled worker levy. The minimum entry standard would be one certified skill, and the levy on such workers would be reduced to $320 (instead of $470). The package was aimed at reducing reliance on foreign workers, upgrading the industry (which has long suffered low productivity), and improving foreign workforce management in the industry. It would complement ongoing efforts at expediting the transformation of the industry to technologically advanced and high value added one (Joint press release by MOM and the Building Construction Authority, "Construction Foreign Worker Policy Changes – To Help Upgrade the Industry, Improve its Productivity and Enhance Its Foreign Workforce Management", 11 February 2003).

Multi-skilling scheme

Timeline	1 January 2004	1 January 2005	From 1 January 2006
New NTS workers	• Multi-skill required for lower levy • Single skill as new entry criterion on high levy	• Multi-skill required for lower levy • Single skill as new entry criterion on high levy	Multi-skilled workers required to be re-certified every 2 years to retain low levy status
Existing NTS workers on low levy (with single skill)	• No change – status quo	• Multi-skill required fro lower levy • Single skill required for high levy	
Existing NTS workers on high levy	• No change – status quo	• Work permits terminated if workers are without a single skill	

Note: The above multi-skill requirement will also apply to TS work permit holders on lower levy if they are skills certificate holders.

Source: Joint Press Release by MOM and BCA, Construction Foreign Policy Worker Policy Changes – To Help Upgrade the Industry, Improve its Productivity and Enhance its Foreign Workforce Management. 11 February 2003.

In December, however, the government announced that it would postpone the implementation of the scheme indefinitely. This was in view of the poor outlook in the construction sector and industry feedback on the potential cost implication [MOM Press Release, “Deferment Of Multi-Skilling And Revision To The Foreign Worker Levy For The Construction Industry”, 1 December 2003). Only one skill certification would be needed to qualify for the lower levy which would, however, be raised from S$30 to S$50 from1 July 04. The levy for unskilled workers would remain at S$470. The Ministry of National Development/Building Construction Authority and MOM would monitor the situation in the construction industry closely and make further adjustments, if necessary, in the future

iii) First announced in August 2003, all first time employers of foreign domestic workers would be required to undergo an orientation course with effect from 1 January 2004. The purpose is to “help them forge a good working relationship with their foreign domestic workers” and “to ensure that they are fully aware of their responsibility” for the latter’s welfare while in Singapore.

iv) The Ministry of Manpower endorsed a new accreditation scheme for employment agencies dealing with foreign domestic workers. Put up by the Association of Employment Agencies (AEA) (Singapore), the scheme was developed under MOM guidelines and is similar to that of Case Trust (an accreditation scheme of the Consumers Association of Singapore) but with slightly different approaches and emphasis. As of May 2003, 19 out of more than 600 had been accredited with Case Trust.

v) Indonesia also began to accredit Singapore agencies from 1 August 2003. All employment agencies in Singapore recruiting Indonesians for domestic work in the country must meet the requirements of the Indonesian Department of Manpower and Transmigration, including providing training and informing them of their rights before they leave for Singapore. A total of 186 agencies reportedly paid the annual fee of $240 to be accredited by the Indonesian Embassy in Singapore. In September, it was also announced that there would be only one exit point for Indonesian domestic workers headed for Singapore. This would be from Batam, an island less than hour’s journey by ferry from Singapore. The objective is so that the Indonesian government can better monitor the safety and whereabouts of Indonesian domestic workers. Training, health checks and other tests will be conducted out before departure for Singapore (The Electric New Paper, 18, 19 and 20 September 2003).

vi) Indonesia also announced in July that employers of Indonesian domestic workers would be required to sign an agreement and pay a fee of S$260. The terms of the agreement would include employment of at least two years, 12 days of annual leave or payment in lieu, return airfare for home leave or its cash value, 3 meals daily, a rest day on Sunday, protection from violence and no cleaning of window exteriors or hanging out of clothes from high-rise homes (Straits Times Interactive 30 July 2003). The penalty for failure to comply was apparently not specified.

vii) The Singapore government hinted that single (unmarried) Singaporeans could soon be eligible for income tax relief on the foreign domestic worker levy paid. This tax relief has been given to working mothers as part of the procreation incentives implemented since the late 1980s. This change is to address the needs of many singles who take care of elderly or handicapped parents.

viii) A civil society group, The Working Committee 2 (TWC2) called for foreign domestic workers to be included under the Employment Act, the implementation of a standard contract and provision for mandatory rest days. The group also began a public education programme for students.

ix) The EntrePass Scheme launched on 30 October 2003 (MOM Press Release, “Introduction of the Entrepass scheme will further boost Singapore's position as a regional business hub”, 23 October 2003). This scheme is designed to make it easier for global entrepreneurs and innovators to come to Singapore to start their business ventures. Unlike Employment Pass criteria, the EntrePass scheme does not rely solely on educational qualifications and salary as criteria. MOM will take into account recommendations and support by relevant economic agencies and some indicators for evaluation will be growth potential and funding availability.

x) To facilitate Singapore’s development as a medical hub, hospitals and clinics can now hire doctors and nurses directly from overseas without having these personnel to first be affiliated with public hospitals.

(g) Trends in overseas employment placement services (provide information on the extent of involvement of private sector placement services and details of the regulations governing their activities; details of bilateral or multilateral agreements should also be included)

Information on this is not available.

(h) **Trends in job creation policy (e.g. in public sector and grants for job creation in private sector**)

Singapore continues its policy of attracting foreign direct investments and creating a network of free trade agreements as strategies to create jobs for Singaporeans. The amount of FDI secured in 2003 was $7.51 billion, the lowest level since 1995. This is expected to create 16,900 jobs (Straits Times Interactive 16 Jan 04). The US-Singapore FTA is expected to create 3,000 more jobs in the textile industry alone while the Japan-Singapore FTA has boosted the petrochemical sector (Singapore Bites of the Week, 30 Aug – 5 Sep [http://app.sgnews.gov.sg/data/Bites/20030830.htm]). Singaporeans are also encouraged to pursue job opportunities overseas, with the WDA and the Singapore Professionals and Executives Cooperative (Spec) coming up with a scheme to help this group find permanent or contract employment in Singapore and overseas (Straits Times Interactive, 12 January 2004).

(i) Latest research/statistics on international migration

Hui, Weng Tat (2004). "Balancing Employment of Foreigners and Employment for Singaporeans". Paper prepared for presentation at the Institute of Policy Studies Conference on "Singapore Perspectives 2004: At the Dawn of a New Era", 13 January.

Pertinent findings:

a) While foreign workers were indeed a buffer in the 1985 recession, empirical evidence on aggregate employment changes in the manufacturing sector in the last decade does not seem to support this argument. However, more data on a disaggregated level would be needed to permit validation or rejection of this hypothesis.
b) In the face of an ageing population and the prospect of falling indigenous population growth due to declining birth rates, it is inevitable that Singapore will have to continue to depend on foreign manpower to sustain modest economic growth in the coming decades. Projections have shown that even with a permanent immigration intake of 50,000 over the next 30 years, the growth rate of the resident labour force will drop from an annualised growth rate of about 2% in 2004 to less than 1% from 2020. This means that increases in the labour force will drop to about 28,000 from 2020. Simulations have shown that a growth target of 5% GDP growth will lead to excess demand for labour requiring further import of foreign manpower.
c) While this will be the long-term trend, there should be scope for deviation from the liberal policy towards foreign manpower in the short term, especially in times of economic slowdown. In particular, a pro-business policy with relatively free access to employment of foreigners should be weighed against the financial hardship of unemployed residents and the attendant economic costs of skills atrophy, increased welfare dependence, smaller domestic consumption due to remittance leakages, and the proclivity of employers to avoid investment in training of locals.
d) In light of the current unemployment situation and the prospect of jobless recovery, it would be pertinent to consider the following short-term measures which would enhance employment of residents – i) tax incentives and wage subsidies for employers and administrative measures that would require employers to hire local talent first; ii) tighten eligibility rule for employment passes; iii) lower dependency ceilings and minimum wages for permit holders.

(j) International co-operation on international migration (including development of human resources, for example training programmes)

Singapore continues to offer technical training on a bilateral or multilateral basis to other developing countries. These are offered under the Singapore Cooperation Programme (SCP). In 2003, 60 students from ASEAN received the Singapore Scholarship which provides for their living expenses and university tuition. Recipients are encouraged to return to help serve the development of their home countries, and are not bound by any bond. The Singapore scholarship scheme was set up in 1998 as the Singapore government was concerned that the 1997 economic downturn could cause students in the region to miss out on higher education (Straits Times Interactive, 11 September 2003).

The Japan-Singapore FTA provides for co-operation in the field of human resource development. Under the agreement, the parties shall encourage exchanges of their scholars, teachers, students, members of educational institutions and other persons engaging in scientific or educational activities, also between youth and youth organisations.

4 Outlook for economic and migration policies and their likely impact.

The economic outlook for 2004 is upbeat, with the economy expected to growth 3-5% (Prime Minister's New Year Message 2004 [http://app.sprinter.gov.sg/data/pr/2003122102.htm]). The employment outlook is also expected to improve, with the unemployment rate ameliorating to 4% (Trish Saywell, Far Eastern Economic Review, 15 January 2004, p 57, citing Labour Chief Lim Boon Heng). New foreign investments, while expected to be higher than in 2003, are likely however likely to generate fewer jobs due to their high-skilled, high value-added nature.

Table 1

⑦ Singapore

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Real GDP growth(%)	12.7	11.4	8.0	7.7	8.5	−0.9	6.4	9.4	−2.4	2.2
Indigenous GNI growth(%)(a)					8.9	−2.9	−0.4	11.7	−7.0	2.0
Current balance(S$m)	6804.2	17412.5	21119.1	17725.6	22136.0	31035.9	25736.9	22894.4	28913.6	33490.6
Inward direct investment(S$m)(b)			92804.7	105015.1	125274.3	139905.4	157593.8	181939.8		
Foreign direct investment (S$m)©			39145.0	42224.0	57192.0	53211.0	65072.0	68811.0		
Producer price index(1995=100)(d)	102.1	100.0	100.0	97.0	93.1	90.1	92.0	101.3	99.6	98.2
Consumer price index (nov97−oct98=100)	92.2	95.1	96.7	98..0	100.0	99.7	99.8	101.1	102.1	101.7
Exchange rate of currency toward USD	1.6	1.5	1.4	1.4	1.5	1.7	1.7	1.7	1.8	1.8
Indigenous GNI per person(a)					35169.0	33578.0	32954.0	36345.0	33233.0	33309.0
Indigenous GNI per person (US$)(e)					23762.8	20106.6	19499.4	21130.8	18565.9	18505.0
Real wage growth(%)	−	−	4.5	4.3	3.6	3.1	2.6	7.5	1.3	1.1

Notes:

(a) at current market prices

(b) Stock of foreign direct equity investment in Singapore (end of period)

© Stock of Singapore's direct equity investment abroad (end of period)

(d) Domestic supply price index

(e) Indigenous GNI per person divided by the exchange rate

Source: Data for the last 5 years have been updated based on Yearbook of Statistics 2003

Table 2									
⑦ Singapore									
	1994	1995	1996	1997	1998	1999	2000	2001	2002
Population (million)	3.42	3.53	3.67	3.79	3.92	3.95	4.02	4.13	4.17
Labour force (million)	1.69	1.75	1.80	1.88	1.93	1.98	2.19	2.12	2.13
Number of employed person (million)	1.65	1.70	1.75	1.83	1.87	1.89	2.10	2.05	2.02
-Manufacturing	0.42	0.41	0.41	0.41	0.40	0.40	0.40	0.39	0.37
-Construction	0.11	0.11	0.12	0.13	0.13	0.13	0.27	0.12	0.12
-Commerce	0.38	0.35	0.41	0.40	0.40	0.40	0.40	0.43	0.43
-Transport,storage and communications	0.17	0.18	0.20	0.21	0.21	0.20	0.20	0.23	0.22
-Financial,insurance,real estate and business services	0.20	0.25	0.25	0.27	0.29	0.30	0.32	0.35	0.35
-Community,social and personal services	0.36	0.38	0.37	0.39	0.42	0.44	0.45	0.51	0.52
-others	0.01	0.02	0.01	0.02	0.02	0.15	0.01	0.02	0.02
Number of the unemployed (1,000)	34.00	34.90	37.30	34.80	62.70	69.50	65.40	71.90	94
Rate of unemployment (%)	2.00	2.00	2.00	1.80	3.20	3.50	3.10	3.30	4.4
Number of lay-off	9,444	8,788	10,956	9,784	29,086	14,622	11,624	25,838	19086

Sources: Yearbook of Statistics Singapore and Yearbook of Manpower Statistics

⑦ Singapore

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Emigration flow of nationals									
Number of nationals residing abroad(a)						150,000– 200,000	about 200,000	100,000- 200,000	100,000- 200,000
Immigration flow of foreigners									
Number of foreigners residing in your own country(b)	433,300	481,000	567,700	633,200	702,100	676,200	754,500	812,100	785,400
Number of foreign workers in your own country						530,000	612,000	590,000	590,000
–holders of unskilled work permit						450,000	509,000*	500,000	500,000
–holders of employment passes						80,000	103,000*	90,000	90,000
Number of permanent residents		181,700				257,000	290,100		
Number of illegal foreign workers							2,615	3400	
Number of arrests of illegal immigrant					22,973	17,000	16,500	15,996	9,400**
–illegal immigrants				9,449	14,700			10,369	
–over–stayers				5,425	8,300			5,627	
–turned back at immigration checkpoints				92,400	70390#				
Number of returnees									
Number of nationals having been repatriated									
Remittance from nationals residing abroad									

* Estimated by author
# for first 6 months only
** first 8 months only

(a) These numbers are estimates by various sources.
(b) Derived from difference between total and resident population.

Country Report

Thailand

by

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Thailand Development Research Institute Foundation

Executive Summary

Thaksinomics, Labour Market and International Migration in Thailand

By Yongyuth Chalamwong

Under leadership of Prime Minister Thaksin Shinawatra, the Thai economy has continued to perform better than many other countries in Asia. His economic policy, which is widely recognized as “Thaksinomics” has apparently reflected in a strong economic expansion in 2003 and expected to continue the same path in 2004.

The statistics released by the National Economic and Social Development Board (NESDB), the country year-on-year economic growth in the third quarter of 2003 stood at 6.5% making the growth for the first 9 months of this year reached 6.5%. The state planning agency projected the fourth quarter growth should be the same level as the third quarter, making the agency’s 2003 predicted growth of GDP to 6.3%, with 1.9% inflationary rate, and current account surplus of 7.9 billion US dollar.

According to Thailand Development Research Institute (TDRI) and other sources predicts economic growth (at constant price) of 2004 should be around 6.3% to 8%. The economy continues to expand from 2003 as results of accelerated growth rate of private investment, rising consumer confidence with moderate increase of exports of goods and services. Public expenditure and investment should also increase, partly as result of the Government Central fund of the amount 100,000- 130,000 million Baht.

In 2004, the private consumption is projected to increase 5.3%-5.7% due mainly to continue low interest rates and strong performance of stock market, and better employment conditions. The private investment is projected to be slightly better than 2003. The higher corporate profits and improve investors confidences continues to be part of factors explaining such increase. Export growth is projected to be lower than 2003 due largely to decelerated export prices and volumes and higher base effects. But import growth rate is projected to be higher than 2003 which can be explained by strong private investment and continuous economic expansion.

As results of the Thai economy in 2003 has performed much better than 2002. The unemployment rate in the third quarter of 2003, reported recently by the National Statistical Office, continued to improve very rapidly from the previous year. The unemployment rate and underemployment have continued to be lower than 2002. However, the number of vacancies as reported by NESDB continued to rise and the ratio of vacancies to registered applicants was higher than the ratio of vacancies to job placements, implying that firms became more cautious in recruitment. In the third quarter of 2003 the number of unemployed person stood at 549,000 or equivalent to 1.5% as compared to 1.7% of the same period 2002. The annual average of the unemployment rate of 2003 projected to be 2.0%, improved from 2.4% of the previous year as results of much better economic performances in 2003 as mentioned in the previous section.

The number of legal immigrant workers whom majority is professional and skilled workers are 98,243 persons in 2003, 12,655 increased from 2002. The major increase was temporary work permits as results of improving of the overall economic performances driven partly by increase foreign direct investment and improved production capacity

The stock of illegal immigrant workers from neighboring countries (Myanmar, Laos and Cambodia) in 2003 is expected to be around 1.0 to 1.2 million. After the work permits of 428,468 neighboring workers were expired in late September 2003, the government again decided to extend these work permits for another year. However, the outcome of the renewal work permits was again rather disappointed after the registration procedure was completed. Only 288,780 existing undocumented workers showed up for registration. The inflexibility and uncertainty of government policies as well as high registration fee has been blamed for discouraging the employers to register their illegal workers

The emigration policy of the government has continued to maintain the existing market, while encouraging placement agencies and workers to find new markets aboard. Since 2002, the Ministry of Labour's plan has set a target of sending overseas workers as well as remittances received. But the outcome was not satisfactory since the Ministry hardly maintained its target as the number of Thai emigrant workers dropped slightly to 157,624 persons from 160,252 in 2001. The data on the eleventh months of emigrant workers recorded by the Overseas Employment Department have reached only 137,179, indicating another year of poor performance.

The trends of remittances from overseas workers via banking system have somewhat fluctuated but on the rising trend. The remittances in term of local currency increased slightly in 2002 with 59,251 million baht from 2001. It is expected that the amount of remittances in 2003 should be lower than 2002 as a result of weak dollar and inability of government and private recruitment agencies to increase number of emigrants.

Thailand as receiving and sending country will be affected by the current and future Asian migration policies. The migration policy in the region that varied from one country to another should be undertaken with a full appreciation of both sending and receiving countries. A good dialogue and information exchange among ASEAN plus three members must be encouraged in order to create a fair and equitable to all potential immigrants and producing safeguard to those who migrate.

However, there have been evident the immigrant workers have been often obliged to work for lower pay, longer hours and worse working conditions than local native workers as these jobs are not wanted by natives. Among migration workers, women can be particularly vulnerable when they work outside their home country. They often experience sexual harassment, abuse and seclusion. These conditions must be improved.

The idealistic policies and measures among participating countries are to protect human rights of migrant workers. Each country has been proposed to follow international standards and considering of rectifying international conditions on migrant workers. Recent policy debates of how to monitor migration flow and to sharing information in the region based on equal partner participation. So far there have been efforts among ASEAN and other international agencies to build cooperation among receiving and sending countries in order to improve the existing and new initiatives of regional and bilateral cooperation and agreement. But outcomes of various debates are still far away from fully realized.

The government has already set a national agenda to solve problem of illegal migrant workers once for all after the poverty elimination project has been completely launched some time in March 2004. The time frame is probably around the beginning of the second quarter of 2004. It is likely that the government will launch a campaign to encourage all undocumented workers to show up for another open registration for all occupations in all areas so that the government will have enough time to come up with better measures to be implemented

The new idea of improving the economic conditions of the neighboring countries Myanmar, Laos and Cambodia via so called "building economic dam" has been freshly introduced by Prime Minister Thaksin so that long-term solution for illegal immigrants can be solved more effectively. The Economic Cooperation Strategy (ECS) has been successfully declared in “Bugum Declaration” after the meeting among the four countries on 12 November 2003. This considered as a part of a long-term solution in solving problem illegal immigrants.

Thaksinomics, Labour Market and International Migration in Thailand[1]

By Yongyuth Chalamwong[2]

1. Introduction

Under leadership of H.E. Prime Minister Thaksin Shinawatra , the Thai economy has continued to perform better than many other countries in Asia. His economic policy, which is widely recognized as "Thaksinomics" has apparently reflected in a strong economic expansion in 2003 and expected to continue the same path in 2004. Robust economic recovery in various sectors has shown by the combination of a strong rebound of private consumption and foreign investment. Employment conditions improved and unemployment rate dropped continuously. Deflationary pressure is released in accordance with continued strong demand as results of improved consumer and business confidence.

The government main policy menu includes fiscal and monetary stimulus packages such as farmer debt suspension, village and urban community fund and the people's bank, Islamic bank and SMEs bank. The government has improved the tax system inline with national development strategies and has implemented a responsive, credible and cost effective debt-asset management policy. The government also implements monetary policies that facilitate the extension of credits to real sector, accelerates the development and revival of the country's financial institutions system to enable them to function normally. It also accelerates development of the money and capital market as well as development of the market for debt instruments in order to create alternatives for greater access to source of capital.

The government has renewed the work permits of existing undocumented immigrant workers until September 2004 so that the government will have enough time to come up with better management policy in dealing with illegal migrants. The new idea of improving the economic conditions of the neighboring countries Myanmar, Laos and Cambodia via so called "building economic dam" has been freshly introduced by Prime Minister Thaksin so that long-term solution for illegal immigrants can be solved more effectively. The government will provide assistance both technically and financially to neighboring countries to improve their infrastructures. It is aims to facilitate flow of goods and services among Thai's trading partners. The Economic Cooperation Strategy (ECS) has been successfully declared in "Bugum Declaration" after the meeting among the four countries on 12 November 2003.

Main objectives of the ECS are: 1) to promote competitiveness by way of expanding border trades; 2) to facilitate the movement of agricultural processing industries and general production in better economic advantage areas: 3) to create employment opportunities and reducing the income disparities among the four neighboring countries; and 4) to promote peace, stability and wealth sharing in a sustainable fashion.[3] The government will make use of this declaration as a part of measures to solve a long-term dependence on cheap labour and reducing the potential negative socio-economic and health impacts from hiring illegal migrant workers from these neighboring countries.

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[1] Prepared for the Workshop on International Migration and Labour Markets in Asia, organized by the Japan Institute for Labour Policy and Training Development (JILPT), 5-6 February 2004, Tokyo, Japan.
[2] Research Director, Thailand Development Research Institute Foundation, Bangkok, Thailand.
[3] This objective was translated from the Thai version which may not reflect the exact statement of the declaration.

The purpose of this report aims to shed lights about the recent economic development performance and labour market conditions. The trends of international migration is updated along with new government policies dealing with economic, labour market, migration and other related issues.

2. Domestic economy and labour market

2.1 Recent trends in domestic economy.

According to the National Economic and Social development Board, the country year-on-year economic growth in the third quarter of 2003 stood at 6.5% making the growth for the first 9 months of this year reached 6.5%. The state planning agency projected the fourth quarter growth should be the same level as the third quarter, making the agency's 2003 predicted growth of GDP to 6.3%, with 1.9% inflationary rate, and current account surplus of 7.9 billion US dollar. This growth rate projection of GDP is expected to be slightly higher than Thailand Development Research Institute (TDRI) of 6.1% (Table 1). It was believed that the main engine of growth came from the government stimulus packages, higher investor and consumer confidence, relative low interest rate and continued economic stability (see Appendix 1).

2.2 Recent trends in domestic labour market

As results of the Thaksinomics, the Thai economy in 2003 has performed much better than 2002. The unemployment rate in the third quarter of 2003, reported recently by the National Statistical Office, continued to improve very rapidly from the previous year. The unemployment rate and underemployment have continued to be lower than 2002. However, the number of vacancies as reported by NESDB continued to rise and the ratio of vacancies to registered applicants was higher than the ratio of vacancies to job placements, implying that firms became more cautious in recruitment.[4] In the third quarter of 2003 the number of unemployed person stood at 549,000 or equivalent to 1.5% as compared to 1.7% of the same period 2002 (Table 2).

[4] NESDB Economic Outlook 2003, released December 18, 2003, pages 7 and 8.

Table 1 Economic Projection for 2003-2004

	Preliminary		**Projection 2003 15 Dec. 03**		**Projection 2004 NESDB**		**Projection 2004 TDRI**	
	2001	**2002**	**TDRI**	**NESDB**	**TREND**	**TARGET**	**TREND (base)**	**TARGET (high)**
GDP (at current prices, Billion Bath)	5,133.8	5,451.9	5,928.1	5,904.4	6,465.3	6,542.0	6,470.1	6,631.0
GDP growth rate (at constant prices, %)	2.1	5.4	6.1	6.3	7.0	8.0	6.3	7.5
Investment (at constant prices, %)	1.2	6.5	10.0	9.6	13.1	15.4	12.0	13.1
Private (at constant prices, %)	4.9	13.2	17.5	16.5	17.0	20.0	13.3	14.6
Public (at constant prices, %)	-5.2	-5.8	-6.3	-6.0	2.2	2.2	8.5	8.8
Consumption (at constant prices, %)	3.8	4.6	6.2	4.7	5.3	5.5	5.7	7.6
Private (at constant prices, %)	3.9	4.9	6.7	5.7	5.7	5.9	6.0	8.2
Public (at constant prices, %)	2.8	2.5	3.9	-1.2	2.8	2.8	4.1	4.6
Export goods (Billion US dollars)	63.2	66.9	78.1	77.6	88.5	89.2	84.2	86.1
Growth rate (%)	-6.9	5.7	11.9	16.0	14.0	15.0	7.8	10.3
Growth rate (Volume, %)	-5.6	11.3	-	10.0	9.0	10.0	-	-
Import goods (Billion US dollars **)**	60.7	63.4	73.2	72.6	83.5	84.2	79.3	80.5
Growth rate (%)	-2.8	4.6	10.7	14.5	15.0	16.0	8.3	9.9
Growth rate (Volume, %)	-6.3	11.1	-	8.0	9.0	10.0	-	-
Trade Account (Billion US dollars)	2.5	3.5	4.8	5.0	5.0	5.0	4.8	5.6
Current Account (Billion US dollars)	6.2	7.7	7.8	7.9	8.7	8.9	8.6	9.4
Current Account to GDP (%)	5.4	6.1	5.4	5.6	5.3	5.4	5.5	5.8
Inflation (%)								
Consumer Price Index (CPI)	1.6	0.7	2.0	1.9	2.4	2.6	2.0	2.6
GDP Deflator	2.2	0.7	5.5	2.0	2.5	2.8	2.8	4.2

Source : Office of the National Economic and Social Development Board, December 15, 2003
Thailand Development Research Institute Foundation, December 15, 2003.

Table 2 The recent population, and labour profile in Thailand.

Unit: million

Status	**2002**		**2003**	
	Q2(May)	**Q3(Aug)**	**Q2(May)**	**Q3(Aug)**
1. Population	63.39	63.53	63.93	64.06
2. Labour Force	33.96	35.09	34.58	35.55
• Employed	31.98	34.39	33.00	34.94
• Unemployed	1.00	0.61	0.94	0.55
• Wait for season	0.98	0.09	0.64	0.06
3. Non-work force	13.63	12.67	13.65	12.83
4. Unemployment (%)	3.0	1.7	2.7	1.5

Source: National Statistical Office.

However, the number of private employees at the end of August 2003 who are under the social security system registered at 7.3 million, improved 19.2% year-on-year. This number increased 37,788 persons or 0.46% from previous month reflecting the continuation of labour market improvement.

The annual average of the unemployment rate of 2003 projected to be 2.0%, improved from 2.4% of the previous year as results of much better economic performances in 2003 as mentioned in the previous section.

3. Migration

3.1 Immigrants

The number of legal immigrant workers whom majority is professional and skilled workers. There are 98,243 persons in 2003[5], 12,655 increased from 2002 (Appendix B-Table 3). The major increase was temporary work permits as results of improving of the overall economic performances driven partly by increase foreign direct investment and improved production capacity. These immigrants came from all nationalities. The open economy requires skills of lawyers who can understand international laws and regulations which Thailand does not have enough professional experts in this area. As of September 2003, the government granted the largest share of work permits in this field of almost 40,000 (Table 3).

Table 3 Stock of legal immigrant workers classified by occupation

Unit: person

Occupation	2003			
	July	%	September	%
1. Lawyer	38,368	48.7	39,791	49.7
2. Professional	12,510	15.4	12,986	16.2
3. Technician	4,766	6.1	4,876	6.1
4. Clerk	787	1.0	804	1.0
5. Service personnel	3,027	3.8	3,109	3.9
5. Agricultural skilled personnel	1,467	1.9	1,337	1.6
6. Other Skilled personnel	2,253	2.9	2,168	2.7
7. Factory personnel	869	1.1	850	1.1
8. Basic Occupation	9,355	11.9	8,981	11.2
9. Others	5,355	6.8	5,236	6.5
Total	**78,691**	**100.0**	**80,141**	**100.0**

Source; Office of Overseas Employment, Department of Labor, MOL

3.2 Trend in illegal immigrants

The stock of illegal immigrant workers from neighboring countries (Myanmar, Laos and Cambodia) in 2003 is expected to be around 1.0 to 1.2 million. After the work permits of 428,468 neighboring workers were expired in late November 2003, the government again decided to extend these work permits for another year. However, the outcome of the renewal work permits was again rather disappointed after the registration procedure was completed. Only 288,780 existing undocumented workers showed up for registration. The inflexibility and uncertainty of government policies as well as high registration fee has been blamed for discouraging the employers to register their illegal workers (Table 4 and Appendix b-Table 3).

In general the trend of illegal immigrants somewhat fluctuated but on the rising since the socio-economic conditions of the Thai's neighboring countries have been very slowly improved. Especially, Burma during the past few years have been sanctioned off-and-on by the western countries in order to force the military junta to release Aung San Suu Kyi making it so difficult for this country to achieve its reconciliation and democratization in the short-run. As long as the political condition has not been

[5] The data cover only 11 months (January to November, 2003)

reconciled, the problems of the hundred of thousand minorities who live along the Thai border continue to be existed, making it so difficult for Thailand to solve problem of non-Burmese immigrants.

Table 4 Undocumented workers who received temporary work permits from Myanmar, Laos and Cambodia classified by occupations, 2003.

Unit: person

Occupation	Total	Burma	Laos	Cambodia
General worker	60,955	53,291	3,217	4,447
Fishery &related	55,861	46,442	761	8,659
Industry	52,755	46,634	4,897	1,224
Domestic helper	52,685	40,909	9,265	2,511
Livestock worker	11,137	9,292	975	870
Crop worker	55,386	51,233	2,199	1,964
Total	**288,780**	**247,791**	**21,314**	**19,675**
Percent	**100.0**	**85.78**	**7.38**	**6.81**

Source: Office of Alien Administration, Department of Employment, and Ministry of Labour

3.3 Emigrants

The emigration policy of the government has continued to maintain the existing market, while encouraging placement agencies and workers to find new markets aboard (Chalamwong, 2002). Since 2002, the Ministry of Labour's plan has set a target of sending overseas workers as well as remittances received. But the outcome was not satisfactory since the Ministry barely maintained its target as the number of Thai emigrant workers dropped slightly to 157,624 persons from 160,252 in 2001. The data on the eleventh months of emigrant workers recorded by the Overseas Employment Department have reached only 137,179, indicating another year of poor performance. The three most reduction came from Taiwan, Israel, and Singapore, due mainly to high competition from emerging low cost countries and high unemployment rates and unstable political stability in these prospect receiving countries. The unsolved excessive high cost of recruitment agencies has also shunned new emigrants. However, during the past year, the government has given a high priority to problem of regulating and enforcing the unscrupulous placement agencies. The proposal of improving overseas workers security has launched by the Ministry aiming to have a better protection for the Thai emigrant workers.

The emigrant workers have declined for three consecutive quarters in 2003. The y-o-y growth rates of emigrants were –37%, -13% and –22% for the first, second and third quarter, respectively (Table 5 and Appendix-Table 3).

Table 5 The recent trend of emigrant workers from Thailand

Unit: person/%

Number of overseas Workers	2002			2003		
	Q1	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**
Number	31,124	38,208	48,056	42,513	33,105	37,122
Growth (y-o-y)				36.6	-13.4	-22.7

Source: Department of Employment.

3.4 Trends in remittances

The trends of remittances from overseas workers via banking system have somewhat fluctuated but on the rising trend. The remittances in term of local currency increased slightly in 2002 with 59,251 million baht from 2001. It is expected that the amount of remittances in 2003 should be lower than 2002 as a result of weak dollar and inability of government and private recruitment agencies to increase number of emigrants. (Appendix B-Table 3)

3.5 Trends in social integration

During the past year, there was not a major movement in the trend of social integration from the year before. There has been an effort in the part of the National Human Right Commission trying to propose better measures for the government and employers to provide better protection for undocumented workers. Requests have been made to related agencies to step up the enforcement of labour protection law to undocumented workers and their dependents. Efforts also have been made by the government to come up with a better estimate of number of dependent in order to understand the magnitude of the problem. Currently the government has been in the process of investigation and examination of stateless children so that proper measure could be taken toward providing the nationality to those who are eligible.

3.6 Trends in overseas employment placement services

The trend of total overseas placement service has not changed that much recently. But there is a change in the composition of the overseas and domestic recruitment agencies. The number of overseas recruitment agencies dropped from 261 in 2001 to 244 in 2003 as results of strictly enforcement of unscrupulous agencies and fees charged by these agencies. The bad private agencies also fear of Anti-Money Laundering Law since it is applied to the owner of the non-transparency practice agencies. Some of the recruitment agencies turn their business to deal more with the local recruitment function as indicated by the increase in the number of in-the-country agencies very rapidly in 2003 (Table 6).

Table 6 Trends of recruitment agencies, 1994-2002.

Year	**Number of recruitment agencies (Place)**		**Total**
	In The countries	**Overseas**	
1994	177	141	318
1995	190	231	421
1996	179	224	403
1997	149	222	371
1998	147	237	384
1999	140	245	385
2000	129	256	385
2001	136	261	397
2002	na	256	na
2003	152	244	396

Source : Office of Domestic Recruitment Agencies and overseas, Department of Employment

3.7 Trends in job creation policy

As mentioned in section 2.1, the government has followed Thaksinomics of the Prime Minister Thaksin Shinawatra in order to maintain very high growth rates 7.5% to 8.0% in 2004. The main urgent policies features implemented since 2001 included farmer debt suspension, village and urban community revolving fund, the people's bank, established SME's development bank, established a national asset management corporation, 30-baht universal healthcare scheme, drug suppression and so on. The development of the grass root people in order to improve their income and elimination of their poverty are the currently main target of the government. The government has tried to improve the data and information about the poor by introducing the registration as a pilot project in late 2003. The full scale of registration of the poor people has launched countrywide starting from the early January of 2004 and expected to complete by March. Once data have been analyzed and number of poor people have been identified, several measures will be given specifically to these target groups. It is hoping that there will be no more poor people in Thailand in six years as promised by the Prime Minister (Appendix Table A).

Some of these measures introduced by the government such as issuing land and creating employment opportunities in rural and urban areas will definitely stimulate the employment within the country. The continuation of the One-Tambol-One-Product (OTOP) that proved to be very successful implementation during the year 2003 will create jobs for people countrywide discouraging them to leave their hometown to seek employment elsewhere.

The emphasis of development of key economic sectors of the government such as automotive and parts, Bangkok Fashion, food processing as Kitchen of the World and computer software have absorbed large proportion of new semi-skilled and skilled professionals, especially those in area of science and technology manpower. More short and medium terms work permits will be granted to foreign scientists and technologist to fill up the shortages and training the Thais.

The policy of maintaining the high prices of agricultural products via bilateral Free Trade Agreement (FTA) and aggressively finding new export markets proved to help keep people to the homeland. A very intensive promotion of service sectors, especially tourism throughout the country and Thailand as a kitchen of the world have generated either directly or indirectly to income and employment of the country.

3.8 Latest research on international migration

There are at least two major policy researches implemented in Thailand in 2003 sponsored by The National Security Council. The first is the study of the Estimation of Real Demand of Alien Low Skilled Workers During 2004 to 2006 and the study of the Master Plan of Hiring Alien Workers in Thailand. A joint research project called The Impact and Coherence of OECD Country Policies on Asian Developing Economies, initiated by Policy Research Institute of the Ministry of finance, Tokyo and OECD secretariat has also investigated the International Migration and Labor market Development in East Asia. This project has started in late 2003 and expected to complete in 2004. The East Asian Development Network (EADN) also launched a network project on Cross-Border Migration in East Asia in late 2003 and there are many countries in the region involved. The project expected to complete by the middle of 2004.

3.9 International co-operation on international migration

Thailand as receiving and sending country will be affected by the current and future Asian migration policies. Therefore our migration policy must be accommodated both immigrant and emigrant workers. The government should aim to protect Thai workers abroad while at the same time trying to develop equal treatment for guest workers. However, these measures would not be effective if we could not receive a full cooperation from receiving or sending countries. The migration policy in the region which varied from one country to another should be undertaken with a full appreciation of both sending and receiving countries. A good dialogue and information exchange among ASEAN plus three members must be encouraged in order to create a fair and equitable to all potential immigrants and producing safeguard to those who migrate.

However, there have been evident the immigrant workers have been often obliged to work for lower pay, longer hours and worse working conditions than local native workers as these jobs are not wanted by natives. They do not have representative and cannot set up representative to voice for their unfair treatments. So far many sending countries in Asia and Far East experienced very restrictive migration policy resulting a wide spread irregular migration. As we all know, their irregular statuses put them at the mercy of unscrupulous private agencies, official with limit chance to fight back. Among migration workers, women can be particularly vulnerable when they work outside their home country. They often experience sexual harassment, abuse and seclusion. These conditions must be improved.

The ideal policies and measures among participating countries are to protect human rights of migrant workers. Each country has been proposed to follow international standards and considering of rectifying international conditions on migrant workers. Recent policy debates of how to monitor migration flow and to sharing information in the region based on equal partner participation. So far there have been efforts among ASEAN and other international agencies to build cooperation among receiving and sending countries in order to improve the existing and new initiatives of regional and bilateral cooperation and agreement. The idea of strengthening the existing initiatives such Bangkok declaration and others has also been discussed as well as proposing networking among sending and receiving countries. But outcomes of various debates still far away from fully realized.

Last but not least, there are debates on how to remedy problems of illegal migrants, children and women trafficking. There have agreements among sending and receiving countries to remedy such problems but the implementation of such cooperation still weak and fragile. The National Human Rights Commission of Thailand now sponsoring a project to investigate the human rights violation among undocumented workers in Thailand and trying to come up with the policy and measure in order to propose to the government as soon as the study completed.

4. Outlook for economic and migration policies and their likely impacts

4.1 Outlook for economic

According to Thailand Development Research Institute (TDRI) and other sources as indicated in Table 7.predicts economic growth (at constant price) of 2004 should be around 6.3% to 8%. The economy continues to expand from 2003 as results of accelerated growth rate of private investment, rising consumer confidence (i.e. increasing industrial production due to foreign investment and the boom in stock market), moderate increase of exports of goods and services. Public expenditure and investment should also increase, partly as result of the Government Central fund of the amount 100,000- 130,000 million baht.

In addition, the key assumptions for 2004 projection are first, the world economy should expand by 4%, higher than 3.2 in 2003. The strong growth in China and elsewhere would benefits Thai exports, investment and tourism. Oil price expects to be around 26.5 to 27 US dollar per barrel. The export price (in dollar term) is expected to increase by 5% in 2004 compared to 6% in 2003 due to high price competition from China. The import prices in 2004 are expected to increase by 6% slowing down from 6.5% in previous year as result of higher competition.

In 2004, the private consumption is projected to increase 5.3%-5.7% due mainly to low interest rates and strong performance of stock market, and better employment conditions. The private investment is projected to be slightly better than 2003. The higher corporate profits and improve investors confidences continues to be part of factors explaining such increase. Export growth is projected to be lower than 2003 due largely to decelerated export prices and volumes and higher base effects. But import growth rate is projected to be higher than 2003 which can be explained by strong private investment and continuous economic expansion.

The trade account is projected to be positive around 5 billion US dollar. The current account surplus is about 8.6-8.7 billion US dollar making it equivalent to 5.3-5.5% of GDP. The economic stability is quite good as the headline inflation is projected to remain very low, 2.0%-2.4% (Table 1).

Table 7 Economic projection for 2004

Source of Projection	**Growth rates (%)**
1. Thailand Development Research Institute	6.3
2. The National Economic and Social Development Board	7.0-8.0
3. University of the Thai Chamber of Commerce	7.1-7.5
4. Ministry of Finance	7.3-8.0

Source: Compiled by TDRI, as of 26 December 2003.

4.2 Outlook for migration policy

The government has already set a national agenda to solve problem of illegal migrant workers once for all after the poverty elimination project has been completely launched some time in March 2004. The time frame is probably around the beginning of the second quarter of 2004. It is likely that the government will launch a campaign to encourage all undocumented workers to show up for another open registration for all occupation in all areas. All registered illegal migrants are likely to be sorted out between those who are able to identify their nationality which definitely accepted by their respected governments and those who are not able to do so. The first group would be easily convert to legal immigrant workers under the new rules and treated under the existing Memorandum of Understandings which government has already signed with Burma, Laos, and Cambodia. While the second prospect group whom majority is minority along Burma-Thai border would take more time to implement due mainly to its vulnerable status. This group is likely to be granted temporary work permits under the humanitarian purposes.

As you can see, under the leadership of this government has strongly committed to convert the illegal status of the immigrants to a manageable legal status. There will be definitely more and more of imported workers to replace undocumented migrants. There are tendencies that the government will focus more on "hallowing out" policy by establishing job opportunities on the other side of the Thai borders. The Thai government under the Bugum Declaration (or ECS) will assist the three neighboring countries to develop their physical and other infrastructures based on the interest of the members on equal basis. In the long-run, it is hoping that once gap of socio-economic disparities with these neighboring countries are reduced, the pressure on influx of the migrant workers should reduce as well.

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Appendix A

Thansinomics, Policy of the Government of H.E. Prime Minister Thaksin Shinawatra

A. Urgent Policies

Policies	Salient points	Time Frame
1. Farmer debt suspension	Immediately grant a grace period for both interest and principle payments for 3 years for individual small farmers to relieve their debt burden as part of a comprehensive reform of the traditional farm economy to be more viable and self sustaining in the long term.	Monitoring on regular basis
2. Village and Urban Community Fund	Establishment of the Village and Urban Revolving Fund, funded with one million baht each as a loan facility available for individuals and households of each community to borrow for local investment and supplementary vocations. Concurrently, the Government will promote a " One Village One product " project to enable each community to develop and market its own local product or products based on traditional indigenous expertise and local know-how.	Monitoring on regular basis
3. The People's bank	Accelerating disbursement of Village Fund and providing advisors to assist in preparing list of local projects for every single village in the country (70,000 Village).	3 months
4. Establish the Bank for Small-Medium-sized Enterprise	Promote existing and increasing the number of entrepreneurs in a systematic manner with a view to expanding the national productivity base, increasing additional employment, creating income and promoting exports.	1 month
5. Establish a National Asset Management Corporation	To comprehensively solve the problem of Non-Performing Loans (NPLs) in the commercial banking system swiftly, systematically, comprehensively and to enable the financial system to resume their normal credit functions.	Monitoring on regular basis
6. Utilize State Enterprise as key vehicle	Promote revitalization and development of the Thai economy through selling shares of incorporating a holding company incorporated by grouping a number of state enterprises with strong income potentials employing professional management and free from political interference as one alternative and listing of individual state enterprise directly in the Stock Market of Thailand at the appropriate time as another alternative.	Monitoring on regular basis
7. Provide universal health insurance " 30 baht health insurance scheme "	• Following up and evaluating pilot projects, and extending the coverage throughout the nation within October 1, 2001. In addition, the project will cover 18 more million people who never had health insurance as well as extend the coverage to those who seek medical service from health station, private clinics, and dental clinics. • Accelerating technological information system and establish patients' database in order that transferring cases between medical centers are efficient and convenient.	Within April 2002 Monitoring on Regular basis
8. Drug suppression	Accelerate efforts to establish drug rehabilitation centers concurrently with implementing effective drug suppression and prevention measures.	Within December, 5 2003

B. Economic Policy

Policies	Salient points	Time Frame
1. Fiscal Policy	• Accelerate the stimulation of the economic in such a way as to increase the people's income levels and arrest the economic slowdown. Toward this end, the current fiscal deficit policy will be maintained for a certain period but within appropriate product fiscal and monetary and guideline. A balance budget policy will be instituted once the economy has attained a normal and sustained growth path. • Improve the tax system in line with national development strategies, in particular, promoting and stimulating the real sector by increasing productivity and domestic value added. The tax codes will be reviewed, a tax map prepared and collection methodology will be streamlined to reduce cost, increase transparency with greater clarity with a view to reduce official discretionary powers and eliminate corruption. • Implement a responsive, credible and cost effective debt – asset management policy and restricting government borrowings principally to economic and socials development projects and programs with the purpose of creating income and promote private sector economic development and increasing national prosperity.	Monitoring on regular basis
2. Monetary Policy, Financial Institutions and Capital Markets Policies	• Implement monetary policies that facilitate the extension of credits to the real sector in order to support an expansion in the business sector, stimulate stable economic growth, and promote public savings. • Implement exchange rate policies that facilitate the process of income creation for the people of all levels and economic recovery. • Accelerate the development and revival of the country's financial institutions system to enable it to function normally to support economic recovery and development, with the least monetary and financial burden on the Government and with the objective of promoting the competitiveness of financial institutions over the long term. • Accelerate the development of the money and capital markets to make them an efficient mechanism for the mobilization of capital and the promotion of long-term savings by the business sector and the people. The tax structure would be revised accordingly and equitably. Business enterprises that are efficient and have good future prospects would be encouraged to be listed in the Securities Exchange so that the economic sectors that are important and correspond with the country's national development strategies are able to fully utilize the money and capital markets. • Accelerate the development of the market for debt instruments in order to create alternatives and opportunities for greater access to sources of capital of the private sector as well as to create equal importance among the money market, capital market, debt instrument market, and savings in financial institutions.	Monitoring on regular basis

Income Creation Policy

Policies	Salient points	Time Frame
1. Agriculture	**Part 1: Revival and Strengthening of Farmers** • Reform the debt structure and maturity profile of the agricultural sector to correspond with the crop production cycle. Expedite the resolution of farmers' debt. Implement a debt moratorium and suspension of interest payments for a period of 3 years for small-scale farmers. • Promote the practice of mixed agriculture, alternative agriculture and organic agriculture as well as support the learning process for farmers. • Support farmers to have adequate land for earning their livelihood by implementing a coordinated and comprehensive land utilization policy and by optimizing the use of idle land. **Part 2: Development of Domestic Markets and Strengthening Rural Communities.** • Develop production in the rural sector and strengthen community economies by linking the processing of agricultural produce with the "One Village, One Product" Project. A one-million-baht Village and Community Fund will be established in each village to serve as a revolving loan facility for the long-term local investments and income creation in rural areas at community levels. **Part 3: Increasing the Competitiveness of the Agricultural Sector in the World Market .**	Monitoring on regular basis
2. Industry	• Develop small- and medium-sized industries to play a significant role in the development of the country's industrial sector by supporting and promoting cooperation in the research and development of products and technology among the public and/or private sector and educational institutions as well as the creation of an information network concerning production and marketing factors. • Promote the role of financial institutions. Support the establishment and operations of a Venture Capital Fund as well as a facility for guaranteeing credits for the development of small- and medium-sized industries. • Support the growth of new entrepreneurs in small- and medium-sized industrial businesses in the new knowledge-based economy.	Monitoring on regular basis

(Continued)

Policies	Salient points	Time Frame
3. Services and Tourism	♦ **Development of the Services Sector** (1) Improve and develop the basic factors necessary for increasing the efficiency and boosting the competitiveness of Thailand's service sector. This includes the production and development of service sector personnel, the development of different forms of providing services, and the development of technology and infrastructure. (2) Arrange for agencies and organizations concerned to join together in developing a strategy whereby the potential of the services sector can be fully utilized. This would enable the services sector is served as a source of foreign exchange and local revenue through areas. (3) Accelerate the development of entrepreneurs in the services sector to provide them with appropriate knowledge and comparable skills in languages, service standards and management. ♦ **Tourism Promotion** (1) Accelerate the restoration and strengthening of relations and cooperation with neighbouring countries in order to develop Thailand as the main gateway for tourism in the region in terms of marketing, transport, investment and management as well as solving any obstacles to such tourism developments. (2) Administer tourism by using proactive marketing tactics. Tourist activities must be developed both at the domestic and international level, with linkages to small- and medium-sized enterprises as well as community businesses. The quality of tourism services must be enhanced and Thailand's standing must be elevated as a centre for conferences, seminars and exhibitions in Southeast Asia. (3) Accelerate the development, restoration and revival of the country's cultural heritage and assets, both within and outside city areas, in order to create new focus of tourism. (4) Increase the diversity of different forms and purposes of tourists, targeting eco-tourism, health tourism, and nature tourism. New tourist sites must be developed and promoted. Communities must be able to play a greater role in the management of tourism, whether through the establishment of tourism cooperatives or the development of community areas as tourist sites.	Monitoring on regular basis

C. Commercial and International Economic Policies

Policies	Salient points	Time Frame
1. Commerce	• Support and promote the preparedness of the private sector in coping with competition in the international trade arena. Towards this end, modern marketing approaches must be employed; organizations, personnel and an information system must be developed; planning and development of production must be in line with the needs of the market. •Develop and promote Thailand as a centre for trade in goods and services in the region as well as a centre for international exhibitions. • Promote e-commerce to create opportunities for entrepreneurs in accessing the global market by expeditiously pushing forward measures and legislation essential for the conduct of e-commerce. • Accelerate measures to improve the administrative efficiency of the agencies concerned, both within and outside the country.	Monitoring on regular basis
2. International Economics	• Support free trade in the international arena, taking into full consideration the level of preparedness and national interests of the country as well as the interests of domestic entrepreneurs. Push for the amendment and revision of laws that pose an obstacle to the Thai private sector in international trade competition. • Emphasize a proactive role in the international trade and economic arena. Push for the holding of negotiations in the international arena, based on the principles of justice and bearing in mind the interests and limitations of developing countries. • Support and advance the free trade policy of the ASEAN Free Trade Area. Promote trade and investment with neighbouring countries as well as border trade. Promote the development of Thailand into a base for the production of goods and the provision of services in the region. • Promote and support entrepreneurs from the private sector to play a part in providing trade and investment data as well as in analyzing the possible impact brought about by international trade and investment regulations. This would be of benefit in setting the directions and strategy of Thai foreign policy as well as international trade and investment negotiations.	Monitoring on regular basis

D. Education, Religion and Cultural Policy

Policies	Salient points	Time Frame
1. Education	• Emphasize quality, efficiency and justice in the management of public education of all categories and at all levels. • Develop an education technology system and information network to increase and disperse the opportunities for education for all Thais in both urban and rural areas. • Establish community colleges, particularly in provinces where institutions of higher education are still needed. • Promote the role of Thailand as an educational hub for the neighbouring countries. • Reform the learning process through the "learner-centered approach", self-education and life-long education by emphasizing the power of creativity, encouraging a love for reading, and providing sufficient community-based libraries, learning centers and educational mediums for public use. • Improve the educational curriculum to ensure that children and youth are disciplined, hard working and competent. • Reform and improve the quality of vocational training, upgrading the curriculum of vocational schools so that they can confer bachelor's degrees. Such reforms are undertaken in light of the increasing demand for vocational training in the agricultural, industrial and service sectors. Vocational education should also encourage on-the-job training by students.	Monitoring on regular basis
2. Religion	Support and promote religion-affiliated educational institutions in promoting religious teachings and doctrines. Encourage all religious establishments to maintain a clean and peaceful environment so that they can benefit the nearby communities in terms of spiritual development and Encourage children and youth to study religious teachings and participate more often in religious functions, particularly with their family members.	Monitoring on regular basis
3. Culture	• Preserve and restore cultural and historic sites for educational purposes and as a means of generating income for the people. • Encourage the public and youth to play a role and engage in cultural activities jointly with educational institutions, families and communities. • Encourage the tourist industry to honor and publicize Thai culture in a dignified and creative manner.	Monitoring on regular basis

Appendix B

Table 1 Major Economic Indicators of Thailand 1994-2003

item	1994	1995	1996	1997	1998	1999	2000	2001	2002 p	2003 1/
Real GDP growth (%)	8.99	9.24	5.90	-1.37	-10.51	4.43	4.64	1.81	5.40	5.80
Real GNP growth(%)	8.95	9.27	5.39	-1.60	-11.00	5.14	6.01	2.10	5.30	6.10
Current balance										
Value (Millions of baht)	-203,153	-338,341	-372,159	-40,222	592,170	469,988	371,512	276,145	329,133	158,399 /E
% of GDP	-5.6	-8.08	-8.07	-0.85	12.8	10.15	7.57	5.41	6.1	
										9.3
Value (billion US$)	-7.7	-13.2	-14.4	-3.1	14.3	12.5	9.4	6.2		
									7.7	8.0
Inward direct investment (millions of baht)		1,762,158		1,593,164		949,650		na	na	na
	1,460,937		1,928,163		945,973		1,114,504			
Foreign direct investment (millions of baht)	33,241		57,472	117,696	209,888	134,592	115,286	167,664	42,642	
		49,887								30,699
Producer price index (1995=100)	95.2		101.8	107.0	120.0	114.4	118.8	121.8		
		100.0							123.8	128.8
Consumer price index (1985=100)	78.2		87.6	92.5		100.3	101.9	103.5		
		83.0			100.0				104.2	105.9
Exchange rate of currency toward US$			25.34	31.37	41.37	37.84	40.16	44.48		
	25.15	24.92							42.96	41.60
Real GDP per person (bath)	45,866.72	49,526.34	51,929.70						51,040.0	n.a.
				50,701.54	44,928.74	46,460.23	48,146.96	48,623.07		
Real wage growth	1.73	7.01	-0.19	6.09	-6.50	-0.01	-2.37	6.51	6.04	n.a.

Note: /1 2003 (Jan.-Jun.)
/E projected by NESDB,2003
Source: Bank of Thailand

Table 2 The Domestic Labour Market Indicators 1996-2003

(Thousand)

	1996	1997	1998	1999	2000	2001	2002	2003 1/
Population	60,045.3	60,649.0	61,248.4	61,856.7	62,481.4	62,935.9	63,460.6	63,862.1
Labour Force	32,750.0	33,560.7	33,353.0	33,210.2	33,973.0	33,919.7	34,245.9	34,273.8
Number of employees	32,032.6	32,942.8	31,935.0	31,903.3	32,832.8	33,483.3	32,997.2	32,906.2
- In Agriculture	15,996.6	16,554.6	16,311.0	15,422.5	15,971.1	15,408.9	13,740.3	12,095.6
- In Non Agriculture	16,036.0	16,388.2	15,624.0	16,480.8	16,861.7	18,074.4	19,256.9	20,810.6
Number of Unemployed	353.9	292.6	1,138.0	985.8	812.6	1,095.6	766.3	862.9
Rate of Unemployment (%)	1.1	0.9	3.4	3.0	2.4	3.2	2.2	2.5
Number of lay-off	n.a.	165.0	296.4	119.0	157.7	n.a.	171.6	77.2

Note: /1 2003 (Jan.-Aug.)
Source: National Statistical Office, Report of the Labor Force Survey Round 3 (various years)

Table 3 Statistic on Migration , 1994-2000

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 1/
Immigration flow of nationals	169,764	202,296	185,436	183,689	191,735	202,416	193,041	160,252	157,624	137,179
- Male (%)	n.a.	n.a.	84.7	88.1	83.9	81.8	80.6	85.0	84.7	83.4
- Female (%)	n.a.	n.a.	15.3	11.9	16.1	18.2	19.4	15.0	15.3	16.6
- Middle East & Africa	17,614	19,987	22,607	17,662	18,128	19,250	14,443	18,724	21,744	17,151
- Saudi Arabia	4,152	2,905	1,825	1,510	1,561	1,392	1,233	1,324	1,208	888
- Qatar	1,534	1,761	1,226	1,387	887	827	391	744	1,942	1,645
- Bahrain	594	345	232	233	368	364	370	377	370	504
- Kuwait	1,212	978	885	994	986	917	865	1,046	1,251	1,158
- United Arab Emirates	1,830	1,470	951	547	1,298	1,559	1,766	1,703	2,149	1,703
- Libya	160	1,639	1,900	1,250	1,545	1,436	1,289	1,047	1,904	2,745
- Israel	7,641	10,407	14,908	10,780	10,644	11,940	7,617	11,256	12,458	6,222
- Others	491	482	680	961	839	815	912	1,227	200	2,286
- E-Asia	105,858	134,524	110,516	114,976	122,327	124,713	117,369	100,550	87,722	78,955
-Japan	8,845	8,303	10,118	10,106	10,790	5,278	4,767	4,972	4,453	4,793
- Taiwan	91,162	120,360	96,097	100,910	106,828	115,096	107,572	90,358	78,365	70,331
- Hong Kong	5,851	5,861	4,301	3,960	4,709	4,339	5,030	5,220	4,904	3,831
- ASEAN	44,626	46,257	50,425	49,011	45,671	54,394	56,684	36,237	38,992	34,911
- Singapore	15,100	15,624	17,601	17,770	17,069	24,525	22,989	21,351	16,251	11,747
- Malaysia	12,232	11,830	9,363	8,860	9,031	17,716	20,541	3,457	13,220	7,214
- Brunei	16,553	17,292	20,714	17,671	15,246	7,657	7,821	8,074	7,226	5,685
- Others	741	1,511	2,747	4,710	4,325	4,496	5,333	3,355	2,295	10,265
- Western	1,663	1,528	1,888	2,040	5,609	4,059	4,545	4,741	5,161	6,162
- USA & Europe & Australia	1,241	1,149	1,326	1,238	2,624	2,208	2,501	3,070	3,140	5,984
- Others	422	379	562	802	2,985	1,851	2,044	1,671	1,913	178
Number of nationals residing abroad										
Immigration flow of foreigners	n.a.	n.a.	1,003,863	1,125,780	1,103,546	766,543	780,617	827,649	879,532	n.a.
Number of foreign workers in your own	179,559	192,870	316,174	164,313	116,657	102,767	102612	92,811	85,588	98,243

country										
- Bangkok	121,740	127,203	131,015	46,703	54,520	56,637	57927	55,367	43,994	48,689
- Others		65,367	185,159	117,610	62,137	46,130	44685	37,444	41,594	49,554
	57,819									
- Life Long Permit	121,750	121,741	121,521	15,291	21,853	19,361	15988	14,895	14,423	14,423
- Temporary	34,806	40,025	44,998	42,162	48,288	49,976	52229	41,305	42,028	49,716
- Investment Promotion	15,323	17,275	18,609	18,049	21,474	23,637	24567	18,673	16,569	19,018
- Section 12	7,680	13,529	131,046	88,811	25,042	9,793	9828	17,938	12,568	15,086

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 1/
Number of foreign workers in your own country (temporary and investment promotion)	n.a.	n.a.	n.a.	63,582	69,751		76,796	59,978	58,597	68,734
						73,613				
- Japanese	n.a.	n.a.	n.a.	10,224	11,368		13,355	14,144	13,675	16,373
						13,608				
- British	n.a.	n.a.	n.a.	7,903	8,934	6,144	5,694	5,166	5,148	6,072
- American	n.a.	n.a.	n.a.	7,128	8,023	6,090	4,683	4,185	4,099	4,711
- Chinese	n.a.	n.a.	n.a.	5,964	6,648	5,656	5,890	5,458	4,607	5,501
- Indian	n.a.	n.a.	n.a.	6,237	6,937	6,506	5,083	5,555	5,135	5,842
- Filipino	n.a.	n.a.	n.a.	2,117	2,397	3,135	2,725	2,777	2,337	2,714
- Australian	n.a.	n.a.	n.a.	2,480	2,764	2,093	2,106	1,916	2,089	2,369
- Others	n.a.	n.a.	n.a.	21,529	22,680	30,381	37,260	20,777	23,596	25,152
Number of permanent residents	121,705	121,741	121,521	15,291	21,853	19,361	15,988	14,895		
Number of illegal foreign workers	n.a.	n.a.	717,689		986,889		n.a.	968,249	n.a.	1,000,000
				961,467		663,776				
- Non-registered	n.a.	n.a.	423,358	667,815	896,486	563,780	n.a.		n.a.	711,220
								405,722		
- Registered	n.a.	n.a.			90,403	99,996	99,656	562,527	428,468	288,780
			293,652	293,652						
- Burmese	n.a.	n.a.	256,492	256,492		89,336	90,724	448,988	348,779	247,791
					78,904					
- Laos	n.a.	n.a.	11,594	11,594	1,231	1,164	1,011		42,089	21,314
								58,411		
- Cambodians	n.a.	n.a.	25,566	25,566	10,268	9,496	7,921	55,128		19675
									37,600	
Number of arrests of illegal immigrant	n.a.	n.a.	n.a.	n.a.	298,480	319,629	444,636	n.a.	54,522	240,000
Number of returnees	n.a.	n.a.	n.a.	n.a.	n.a.	41,142	n.a.	n.a.		n.a.

									125,723	
Number of nationals having been repatriated	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	120,420	n.a.
Remittance from nationals residing abroad (millions of baht)	32,188	42,235	45,777	51,910	58,845	40,934	67,936	55,606	59,251	48,279

Note : 1/ 2003 (Jan-Nov.)
Source : Ministry of Labour

Country Report

Vietnam

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Country Report

Vietnam

Summary

In 2003, despite of the impacts of different difficulties such as SARC epidemic (in the first quarter), shrinking in some export markets (cat fish to the US, tea export to Iraq in the second quarter), reform policy kept economic development away from down. SARC epidemic was rapidly isolated and stopped, and the 22nd SEA GAMES organized in December 2003 was successfully taken place. Vietnam sustained GDP growth at 7.24 per cent. GDP growth of Vietnam was considered (by ADB, WB) as the highest one among ASEAN countries.

Policy on economic reform continued to mobilize investment, attract FDI, and push economic growth. Land law amendment approved by national Assembly in July 2003 has increased ownership on land and created land market; Agriculture tax was exempted since 2003 for all farmers; Two price system that decimates foreigners and Vietnamese has been dismissed step by step in most areas such as entry fee, transport ticket, power and water services.

Export earning in 2003 brought USD19.9 billions, or increased 19 per cent in comparing with one in 2002. Import value growth at 26.7 per cent, reached USD24.9 billion. Trade deficit in 2003 was highest during last 5 year. Deficit estimated as USD5.12 billions, in which FDI projects have surplus with USD1.29 billions and national trade had deficit of USD6.4 billions.

Arrival of foreigners in 2003 was lower than that in 2002. There were 2.439 millions persons arrived in 2003 against 2.6 millions persons arrived in 2002.

High growth of economy has created 1.5 million new jobs, and income improvement made the poverty ratio reduced from 14% in 2002 down to 12.5 per cent in 2003.

However the country is facing high challenges of development. Input prices are high, especially in power supply and services costs. Quality and productivity of products and goods is low. The competitiveness of economy is low and not sustainable.

Vietnamese population continues to increase about 1 million persons per year; and every year there are more than 1 million working-age persons entry labor market.

In 2002, there were 38 millions workers and it increased to 40.5 millions working-age persons with more than 15 years old working in economy. Unemployment rate in urban areas reduced from 7% in 2002 to 5.8 per cent in 2003. However unemployment in rural area is still high. It is estimated that unemployment in rural areas is 22 percent.

Shortage of skilled workers is still a problem for the economy. The number of employers without training is very high. It shares about 85% of employment. The income disparity increased from 7.6 times in 1999 to 8.1 times in 2002. The income disparity increased in urban area, but it reduced in rural area despite that income in rural area twice lower than that in urban area.

In 2003, number of Vietnamese going abroad raised significantly, especially in export of labor. The destination of export Vietnamese workers moved from north-east Asian countries (such South Korea, Japan) to south Asian countries like Malaysia. Export workers in 2003 increase 63 per cent in comparing to 2002. There are more than 75,000 persons have gone abroad to take contracted jobs, from which 40,000 workers came to Malaysia, 27,000 workers were sent to Taiwan. Most export workers are low skills ones. They take a job as home service, housekeepers, ordinary workers in construction, assembling.

The numbers of skilled going abroad were low. It is estimated that there are about 250 skilled workers going abroad every year. Country destination is countries in Africa, Singapore, America ext.

The number of foreigners arriving to work in Vietnam is low. In 2003, there are 473260 foreigners arrived Vietnam to work. Most of them are skilled experts working as short time/part time for project implementation.

Increase labor export is promoted in Vietnam. Government tries to create favorable conditions to help workers going abroad by signing agreement on labor export with different countries. High skilled foreigners are encouraged to come to work in Vietnam too.

1. Main Report

(1) Introduction

During 2003, Vietnam continues to expand its policy on world economic integration. Trade liberalization is accelerated by actively implementing BTA with the USA, reducing tariff under ASEAN/AFTA, negotiating to join WTO, lifting entry visa application to citizens from other countries (Japan, Indonesia, China). Economic growth was sustained at high rate of about 7 per cent and inflation is under control with CPI is about 3 per cent. Export increased by 16 per cent. Export workers was improved significantly. The number of workers going abroad increased to 75,000 persons. The implementation of poverty alleviation program under the 10-year national program of Country Poverty Reduction and Growth Strategy enabled the poor access opportunities (land, credit, training) to improve their income. SARC epidemic was rapidly isolated and stopped, and the 22nd SEA GAMES organized in December 2003 was successfully taken place.

(2) Domestic Economy and Labor Market

(*a) Recent trends in the domestic economy (including economic policy and development strategy)*

In 2003, Vietnam sustained GDP growth at 7.24 per cent. It was met the target determined by National Assembly and it this the highest rate in the last 6 years. GDP growth of Vietnam was considered (by ADB, WB) as the highest one among ASEAN countries (see Table 1).

Policy on economic reform continued to mobilize investment, attract FDI, and push economic growth. Land law amendment approved by national Assembly in July 2003 has increased ownership on land and created land market; Agriculture tax was exempted since 2003 for all farmers; Two price system that decimates foreigners and Vietnamese has been dismissed step by step in most areas such as entry fee, transport ticket, water supply ext.

Table 1: Main Economic Performance in 2001- 2003

Main Performance	2001	2002	2003	Target 2005
GDP growth (%)	6.9	7.0	7.2	7.5
Agriculture growth (%)	4.7	6.5	4.7	4.8
Industry growth (%)	14.6	14.8	15.8	13.0
Export growth (%)	3.8	11.2	16.7	16.0
Investment to GDP (%)	34.0	33.3	35.6	
Poverty rate (%)	16.1	14.5	12.0	10.0
Reduce malnutrition of under 5 years old child (%)	31.9	30.1	28.0	22-25
Attending of Primary School Age (%)	76.5	78.1		80.0
Attending of Secondary School Age (%)	35.2	37.9		45.0
Reduce Birth Rate (%)	0.06	0.04	0.04	0.05
Reduce Population growth (%)	1.4	1.3	1.3	1.2

Source: General Statistic Office. 2003

Tariff of about 750 kinds of goods have reduced under AFTA scheme in August 2003. Implementation of Private Enterprise Law as accelerated, hundreds kinds of business permits concerning different business establishment and management were revised and abolished; This created more fair market to participate.

Business companies in Vietnam, especially international-financed projects are reluctant to recruit skilled workers because of paying high income tax. The contradiction is that with the same wage rate, company shall have to pay higher personal income tax for Vietnamese workers against foreign workers. One of attempt to promote investment and skilled worker was to revise the code on Personal Income Tax. (see table 2). The revision was submitted to National Assembly in November 2003 for approval. But it was requested to revise again to give equal status of income tax for both Vietnamese and foreign workers working in Vietnam.

Within 2003, despite of the impacts of different difficulties such as SARC epidemic (in the first quarter), shrinking in some export markets (cat fish to the US, tea export to Iraq in the second quarter), reform policy kept economic development away from down. Quarterly GDP growth was continued improved. GDP increased from 6.88 per cent on in the first quarter to 6.9 per cent in the second quarter, 7.1 per cent in the third and 7.5 per cent in the fourth quarter.

Table 2: The Proposal of Income Tax Revision

Group	Average Monthly Personal Income (VND, million)		Tax rate (%)
	Recent	**Adjusted**	
For Vietnamese			
1	to 3	to 4	0
2	3-6	4-9	10
3	6-9	9-16	20
4	9-12	16-25	30
5	12-15	over 25	40
6	over 15		50
For Foreigners			
1	to 8	to 8	0
2	8-20	8-20	10
3	20-50	20-50	20
4	50-80	50-80	30
5	80-120	over 80	40
6	over 120		50

Source: Vietnam Economic Time, December 12th 2003.

The structure of the country economy was adjusted by increasing of manufacturing and reducing of agriculture sectors. The share of industry in GDP in 2000 was 36.73 per cent, increased to 38.13 per cent in 2001, then to 38.55 per cent in 2002 and it was about 40 per cent in 2003.

The ratio of agricultural production in GDP reduced from 24.53 per cent to 23.24 %, then down to 22.99 and 21.6 per cent in the correspondent years. Service sector has occupied high ratio within GDP, but its growth was not stable with reduction trend. The percentage of service in GDP decreased from 38.74 per cent in 2000 down to 38.63 per cent in 2001, and 38.46 and 38.01 per cent in 2002 and 2003.

The progress in implementing Private Company Law has provided more opportunities for private business development. About 10,000 new private companies were established in 2003, and it made the total number of private enterprises in the country reached 150,000 units. Non government sector contributed 48 per cent of GDP and the economic value share of FDI enterprises increased from 13.91 per cent in 2001 to 13.75 per cent in 2002 and 14 per cent in 2003.

The sustaining high economic growth has improved government budget revenue. In 2003, government budget revenue increased with 11.3 per cent that was 7.1 per cent higher than expected target. Total budget revenue was VND132,500 billions, equal to 21.7 per cent of GDP.

Government budget expenditure increased by 10 per cent. Budget deficit still increased but 70 per cent of deficit was covered by domestic resources.

All economic sectors have sustained high growth rate.

- Agriculture: to response to market changes, 55000 ha of rice land has been converted into other more profitable crops like fruit trees, or aquaculture with fish and shrimp growing. total rice land in 2003 was 7,449,300 hectare, reduced by 0.7 per cent in comparing one in 2002. However the rice yield continued improve. In 2003 paddy yield was 4.63 tone per hectare, increased 0.9 per cent. Total rice production reached 34.5 millions tones (71400 tones higher than that in 2002), and maize production was 2.94 millions tones.

Rice Production

Year	Area (.000 ha)	Production (.000 Tone)
1998	7362.7	29145.5
1999	7653.6	31393.8
2000	7666.3	32529.5
2001	7492.7	32108.4
2002	7504.3	34447.2
2003	7443.6	34669.3

The unfavorable climate in 2003 made production of some industry crops reduce. Cotton production was 35200 tones, reduced 12 %; jute reduced 38.7% (12500 tones), sugar cane production was -3.5% with 16500 millions tones, groundnut was 400000 tones. The improvement was in expanding cultivation area of other crops such as rubber area increased 15100 ha to have total area of 258,500 ha, cashew nut area increased by 11200 ha (with total area of 184400 ha), tea raised 7800 ha (total 85000 ha), pepper - 4400 ha (29300 ha).

The production of rubber increase 5.3% to have 313900 tones, pepper increased 49.8 % (with 70100 tone), cashew nut increased 23.7% (159300 tones), and soy bean production increased 9.6 % to have 225300 tones.

The cultivation area of fruit trees (mango, orange, mandarin, litchi) increased 42300 ha to reach 719500 ha. Production of orange in 2003 was 500,000 tones with growth of 15%, mango - 35% with 305000 tone.

Livestock development was improved. In 2003 stock of buffalo increased 0.7 per cent with total of 2834900 heads, number of cow reached 4379300 heads with 8.2 per cent growth, there are 24879100 heads of pig (increased by 7.4 per cent) and 254 millions heads of poultries.

- Forestry: the efforts were focused on forest plantation under 5 million hectare forest program with target to increase forest coverage to 43% by 2010. The new forest plantation covered 129000 hectare in 2003, and forest coverage increased from 32% in 2001 to 34.8% in 2003. Forest land allocation to the farmers and forest plantation program has created income opportunity to the rural labors and stimulated investment.

- Fishing: In 2003, fishing increased by 5,6 per cent with 1941700 tones of fish and 3241000 tones of shrimp. Ocean fishing caught 1828500 tones and fresh water fishing production was 966100 tones. The area of land for aquaculture increased 7.6 per cent with total area of 858000 ha.

- Industry: Industry growth in 2003 was 16 per cent, the highest rate during last 3 years. FDI industry increased by 18.5 per cent and contributed 38 per cent of industry value; while non government industry growth was 18.6 per cent and shared 26.5 per cent of industry value. Some industries have high growth rate such as mining 16%, fish products 17.2%, refinery sugar 274%, textile 38.6%, garment 37.3%, paper production 10.9%, cement 14.1%, steel 9.7%, diesel generator 75.7%, television 30.8%, car assembling 38.4%, electricity 14.9%. Production of crude oil increased from 16.3 million tones in 2000 to 17.7 million tones in 2003 and brought export earnings of USA3.8 billions.

- Investment: Investment in 2003 increased 18.3 per cent with total value of VND217600 billions. Domestic capital contributed 83,2% and FDI shared 16.8 per cent.

Table 3: Development Investment in 2001-2003
(actual price, in VND)

Year	Total	In which		
		State Investment	Non State Investment	FDI
In value (1000 billion)				
2001	163.5	95.0	38.5	30.0
2002	183.8	103.3	46.5	34.0
2003*	217.6	123.0	58.1	36.5
In percentage				
2001	100.0	58.1	23.5	18.4
2002	100.0	56.2	25.3	18.5
2003	100.0	56.5	26.7	16.8

(*) Estimation
Source: Vietnam Economy: 2001-2003. Statistic Office. Hanoi, 2003

State investment focused on infrastructure, rural development, construction and health care facilities.

FDI reduced 21% of projects and 2.9% of capital. In 2003, there were 596 FDI projects with total capital of USD1,512.8 millions have been approved, and number of on going FDI projects have increased their investment value, that make total FDI capital investment in 2003 was USD2 billions. By industry, 69.6% of projects (with 68% of capital) focused on construction and industry, 14.1% projects (with 10% capital) in agriculture, 16.3% of projects (21.7% of capital) on service.

Increasing investment has improve infrastructure facilities significantly. In this period, improve and new construction has covered about 5000 km of roads, 454 km of railway, 36 km of bridges, 1100 km of electric transmission wire. Electric supply increased by 2548 MW, Telecommunication has installed 6.2 millions telephones, constructed 7000 post offices. The ratio of telephone to population reached 7.6 telephone per 100 persons. Telephone lines connected to all 8400 communes in the country.

- Transport: Transport service has received 873 millions person times, increased by 4.6 per cent. Transport by railway increased 7%, car 5%, ocean way 4.6% and waterway 2.4%, airway 1.8%. Goods transportation growth was 4.7 per cent and transportation has carried 255 million tones of goods in 2003. Number of all kinds of vehicle (cars, trucks, motorbike, ships, plans) increased rapidly, but accident is still a problem.

- Service: in 2003 total value of retail selling and services increased 12.2 per cent with earning of VND310500 billions. In which the trade has growth of 12.8 per cent and shared 81.3 per cent of total value. Restaurant and hotel service increase 14.4% and contributed 13% of value; and tourism reduced 13.9% due to SARC impact.

In December 2003, CPI increased 0.8% comparing to last month (November 2003) and 3% comparing to last December (2002). Food price increased 2.8%, education – 4.9%, construction materials – 4.1%, bravery and tobacco – 3.5%, garment – 3.4%, while the price of pharmacies increased 20.9%. Service price of telecommunication and post reduced 2%.

Under the impact in international market, price of gold in domestic market in 2003 was strongly raised (by 26.6%), but USD increased only 2.2 per cent.

Export earning in 2003 brought USD19.9 billions, or increased 19 per cent in comparing with one in 2002, in which FDI sector has higher growth rate. National economy exportation increased 11.7% and earned USD 9.9 billion, while export from FDI industry increased 27.2 per cent and got USD10 billions. 7 kinds of goods that have exportation value more than USD0.5 million were crude oil, garment, seafood, footwear, electronic, computer, rice and furniture.

In 2003 import value growth at 26.7 per cent, reached USD24.9 billion. National economy imported USD16.3 billion, that took 65.1 % of import value and increased 24.9%; FDI industry import value as USD8.7 billion, increased 30.1%. The goods have the highest import growth rate were: machinery and equipment - 41.1% (that shared 29.6% of import value), steel – 23.1%, oil and petroleum – 19.5%, garment inputs – 19.2%, cloths – 37.3%, computer and spare parts – 45.6%, fertilizers – 26.5%, plastics – 25.%;

Trade deficit in 2003 was highest during last 5 year. Deficit estimated as USD5.12 billions, in which FDI projects have surplus with USD1.29 billions and national trade had deficit of USD6.4 billions.

Table 4: Trade in 2003

	Total	Export	Import
Total (USD million)	44875	19880	24995
- National Economy	26138	9868	16270
- FDI economy	18737	10012	8725
Growth Rate (%)	23.2	19.0	26.7
- National Economy	19.6	11.7	24.9
- FDI economy	28.5	27.2	30.1

Source: Vietnam Economy: 2001-2003. Statistic Office. Hanoi, 2003

SARC has strong impacted on tourism industry. Arrival of international tourists in 2003 was lower than that in 2002. There were 2.439 millions persons arrived in 2003 against 2.6 millions persons arrived in 2002.

However domestic tourists of Vietnamese still slightly increased. In 2003, domestic market recorded 13 million Vietnamese tourists.

High growth of economy has created 1.5 million new jobs, and income improvement made the poverty ratio reduced from 14% in 2002 down to 12.5 per cent in 2003.

However the country is facing high challenges of development. Input prices are high, especially in power supply and services costs. Quality and productivity of products and goods is low. The competitiveness of economy is low and not sustainable. Malnutrition among children under 5 years olds is as high as 32 per cent.

Corruption, waste in construction investment and unemployment is still high and caused problems in improving effectiveness and efficiency of economy.

Illegal drug has not been controlled and the number of persons having drug affected increased.

(b) Recent trends in the domestic labor market (including surplus workforce and domestic wage disparities)

Vietnamese population continues to increase about 1 million persons per year; and every year there are more than 1 million working-age persons entry labor market.

In 2003, population growth if Vietnam was 1.18%, with total 80.7 million persons. In which the male is 49.2% and female is 50.8%. Urban population increased slowly (2.41% in 2003), that made urban population almost no change (20.5 million persons, or 25.4% of population). 74.6% of population (with 60.2 million persons) are in rural area.

Table 5: Population of Vietnam

	2001	2002	2003
Total (persons)	**78685800**	**79727400**	**80665700**
In Urban Area (%)	**24.74**	**25.11**	**25.42**
In Rural Area (%)	**75.26**	**74.89**	**74.58**

In 2002, there were 38 millions workers and it increased to 40.5 millions working-age persons with more than 15 years old working in economy, in which 48.8% is female workers in 2003. The number of labors in agriculture sector reduced very slowly – every year it reduced only 0.7 per cent.

Employment

		2000	2001	2002
Number of employment	persons	36701800	37676400	38715400
By Economic Sector	In %	100	100	100
Agriculture		68.8	68.2	67.2
Industry		12.1	12.5	12.9
Service		19.7	20.3	21.1

Development of private sector has created jobs for almost new workers, especially in the industry of aquaculture, food processing, construction, tourism, and service. Number of enterprises increased rapidly. (table 6)

Table 6: Number of Enterprises by the 1st January

	2001	2002		2003
	No of enterprise	No of enterprise	Employment (in %)	No of enterprise
Total	39762	51057	100	62892
By ownership				
- State	5531	5067	46.1	5033
- Non State, in which	32702	43993	38.6	55555
Cooperative	3187	3614	3.6	4112
Private enterprise	18226	22554	7.5	24818
Private limited company	10489	16189	20.5	23587
Private Shareholder company	800	1636	7.0	3038
- FDI	1529	1997	15.3	2304
By Activity				
Agriculture	891	3424		376
Industry	10946	12951		15818
Construction	3984	5588		7814
Trade	19281	22849		27633
Transport	1789	2535		3251
Others	2871	3710		5000

Due to high economic growth, job creation has increased from 0.9 millions places in 1999 to 1.6 millions places in 2003. By January 2001, there were 3.44 millions workers working in enterprises with average monthly wage of VND1.043 millions. This increased to 4.4 millions workers in 2003 with average monthly wage of VND1.2 millions.

Therefore unemployment rate in urban areas reduced from 7% in 2002 to 5.8 per cent in 2003. However unemployment in rural area is still high. It is estimated that unemployment in rural areas is 22 percent. Most rural workers are not or low skilled and they have not had vocational training. Therefore they facing difficulties when apply for non agriculture jobs.

Shortage of skilled workers is still a problem for the companies. They hardly to find enough qualified labors and skilled workers in spite of receiving a lot of applications.

To help companies in seeking qualified labors, promote labor supply to enterprises and to export, 150 Job Service Centers have been operating through out countries. In average, every year these centers have provided service to 0.6 millions job applicants. Job Fairs have been organized in industrial centers such as Hanoi, Da nang, Hai Phong to expand job services. Millions persons and thousands companies have participated Job Fairs to find information on job available, to disseminate information on companies, as well as to recruit workers.

In 2003, Job Service Centers received 530800 application forms to give to needed companies. And there were 8761 vacancies were announced in Job Fairs, and 23500 applications were submitted, but companies had interviewed and recruited only 722 workers in Job Fairs.

Technical Skills of Employment

(in percentage)

	2000	2001	2002
Total	100	100	100
No trained	86.8	85.2	84.2
Technical School	4.5	6.9	7.8
Vocational Technical College	4.8	4.0	3.8
University	3.9	3.9	4.2

The number of employers without training is very high. It shares about 85% of employment. Most of them are working in traditional industry such as agriculture, handicraft, small enterprises and vendors. The number of workers who have training certificate is low.

The problem here is not only to improve job service, but also to strengthen training capacity of vocational schools and reform education system.

Government has taken the first step in wage reform policy. Minimum monthly wage rate (for non skilled workers) increased from VND209000 to

VND245000. In state sector, average monthly salary of state workers increased from VND1068800 (2002) to VND1190900 (2003). However the income of employment in non state sector is low. The income disparity increased from 7.6 times in 1999 to 8.1 times in 2002. The income disparity increased in urban area, but it reduced in rural area despite that income in rural area twice lower than that in urban area.

Average Monthly Income by Quintile

	Average Monthly Income (VND/person/month)						Income Disparity (times)	
	1999			2002			1999	2002
	Average	In which		Average	In which			
		Lowest	Highest		Lowest	Highest		
Country	295000	97000	741600	356800	107700	877100	7.6	8.1
Urban	516700	164000	1215600	625900	185000	1496000	7.4	8.1
Rural	225000	83000	523000		100500	598700	6.3	6.0

Income sources of labors are diversified. Wage contributed about 40% of income in urban area and 22% in rural area. This demonstrated that the waged workers ratio is very low and most labors are self-sufficient employment. Not yet developed labor market and low of labor division has kept productivity from rising.

Income Sources in 2002

(.000 VND)

	Country	Urban	Rural
Total, in which	356800	625900	274900
Wage	116400	274900	68300
Agriculture	82300	27800	98800
Forestry	4500	900	5600
Fishery	14700	14200	14800
Industry	19800	36500	14700
Construction	2000	6600	600
Trade	34400	77000	21500
Service	25000	67100	12200
Others	57700	120800	38400

(3) Migration

In 2003, number of Vietnamese going abroad raised significantly, especially in export of labor. The destination of export Vietnamese workers moved from north-east Asian countries (such South Korea, Japan) to south Asian countries like Malaysia. Export workers in 2003 increase 63 per cent in comparing to 2002. There are more than 75,000 persons have gone abroad to take contracted jobs, from which 40,000 workers came to Malaysia, 27,000 workers were sent to Taiwan.

Increasing export workers is the one of labor policy and poverty alleviation policy. Most workers going abroad are low skilled labors from rural area. However labors who want to going abroad to work have faced number of difficulties. They have no money to pay for training (language, vocational, skills) and health exam, deposit to Guarantee Fund, buy ticket. To promote worker export, commercial banks in Vietnam have provided loans to workers to pay as guarantee fund to Worker Export Service Companies before going abroad. The Vietnam Bank for Social Policy of government also lend cheap credit to the poor workers going abroad.

There are 150 Worker Export Service Companies operating in Vietnam. They are licensed by Ministry of Labor, Invalid and Social Affairs. Worker export service is poor. The information on labor export (country destination, duties and benefit for example) is not available to access, there is not special website or media to delivering these information. The service not transparency; in many cases the workers have to pay huge money for training and health exam. And many persons have been cheated when apply to abroad job; one could not going abroad and may loses thousand USD when paying to illegal labor export service. In 2003, 30 Labor Export Service Companies have been fined and closed due to running illegal service and cheating labors for money.

Most export workers are low skills ones. They take a job as home service, housekeepers, ordinary workers in construction, assembling.

The numbers of skilled going abroad were low. It is estimated that there are about 250 skilled workers going abroad under different service contracts. They are working in the fields as agriculture, construction, health care and programming. Country destination is countries in Africa, Singapore, America ext.

In some cases, breaking contract was problem. It is estimated that the number of Vietnamese workers who break contract and stay illegal in South Korea and Japan can take from 40-60 per cent Vietnamese workers in the countries. There are 20,000 Vietnamese workers in South Korea and 10,000 in Japan. In 2003, Japan and South Korea have approved policy on repatriate illegal workers. This will force thousands illegal workers return home.

The number of foreigners arriving to work in Vietnam is low. In 2003, there are 473260 foreigners arrived Vietnam to work. Most of them are skilled experts working as short time/part time for project implementation. They stay in Vietnam less than 6 months per year.

Increase labor export is promoted in Vietnam. Government tries to create favorable conditions to help workers going abroad by signing agreement on labor export with different countries. High skilled foreigners are encouraged to come to work in Vietnam too. For example, visa is granted to them and their family members.

2. Country data

(all data sources are from the publication of General Statistic Office of Vietnam)

Workers in State Sectors

(persons)

	2002	**2003**
Total	3750600	3858000
Agriculture and Forestry	217200	218200
Fishery	5700	5700
Mining	118200	129100
Processing	710300	712900
Power (oil, electricity)	79300	81100
Construction	479000	486300
Trade	193700	179600
Hotel	35300	34500
Transport	200400	203100
Finance	65400	66800
Science and technology	33900	34000
Consultancy	45600	47100
Administration	260700	287300
Education	970600	1000600
Health	197000	203600
Sport and culture	37400	39500
Associations	70000	75100
Others	30900	35400

Source: General Statistic Office. 2003

GDP
(VND billion; in 1994 price)

	2002	%	2003	%	2003/2002 (%)
Total	**313135**	**100**	**335821**	**100**	**107.24**
Agricultural	**68283**	21.8	**70468**	21.0	103.20
Agriculture	57843	18.5	59453	17.7	102.78
Forestry	2568	0.8	2586	0.8	100.70
Fishery	7872	2.5	8429	2.5	107.08
Industry	**117082**	**37.4**	**129185**	**38.5**	**110.34**
Mining	19396	6.2	20519	6.1	105.79
Processing	63983	20.4	71312	21.2	111.45
Electricity	7949	2.5	8873	2.6	111.62
Construction	25754	8.2	28481	8.5	110.59
Service	**127770**	**40.8**	**136168**	**40.5**	**106.57**
Trade	51246	16.4	54747	16.3	106.83
Hotel	10125	3.2	10767	3.2	106.34
Transport	12252	3.9	12925	3.8	105.49
Finance	6424	2.1	6935	2.1	107.95
Science	1908	0.6	2044	0.6	107.13
Property	13105	4.2	13796	4.1	105.27
Administrative	8777	2.8	9268	2.8	105.59
Education	10507	3.4	11326	3.4	107.79
Health	4442	1.4	4797	1.4	107.99
Culture	1689	0.5	1838	0.5	108.82
Associations	352	0.1	372	0.1	105.68
Community service	6355	2.0	6743	2.0	106.11
Sub contracting	588	0.2	610	0.2	103.74

11. Vietnam

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Real GDP grows(%)	8.1	8.8	9.5	9.3	8.2	5.8	4.8	6.7	6.8	7	7.2
Real GNP grows(%)											
Current balance (million USD)	(984)	-1,185	-2,802	-2,592	-1,839	-1,229	(201)	(1,143)	-1,189	-3,027.80	-4,400
% of GDP	-6.8	-7.6	-13.6	-11.0	-6.9	-4.6	-0.7	-3.6	-3.7	-8.7	-11.9
GDP(billion VND, current price)	136,571	170,258	228,892	272,036	313,623	361,016	399,942	441,646	484,493	536,100	580,600
GDP(billion VND 1994 price)	136,571	170,258	195,567	213,833	231,264	244,596	256,272	273,666	292,400	313,100	380,000
Inward direct investment											
Foreign direct investment(million USD)	2,900	3,766	6,531	8,497	4,649	3,897	1,568	2,012	2,503	2,600	1,439.70
Producer price index											
Consumer price index	105.2	114.4	112.7	104.5	103.6	109.2	100.1	99.4	100.8	100.4	103.0
Exchange rate of currency toward (US$)	9,500	10,978	11,100	11,500	11,705	13,532	14,014	14,094	15,180	15,330	15,650
Real GDP per person (USD)	206.8	219.1	286.5	323.3	360.4	353.2	372.6	403.4	405.6	438.6	459.2
Real wage growth **(urban area)**											
In Urban area	7.1	8.5	27.8	21.3	16.2	11.5	31.6	10.1			
In Rural area	4.8	5.5	24.1	17.5	3.6	6.2	13.6	3.4			
Nominal wage (VND per month)											
In Urban area	305,000	359,700	452,800	509,400	587,000	690,000	832,500	910,000	954,300	999,300	
In Rural area	123,000	141,100	172,500	187,900	193,000	216,000	225,000	231,000		274,900	

11. Vietnam

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1.Total population (million persons)	69.5091	70.7717	71.9855	73.1666	74.3460	75.5263	76.5968	77.6855	78.6858	79.7274	80.7827
1.1. In urban areas	13.9610	14.4250	14.9380	15.4200	16.8350	17.4650	18.0820	18.8050	19.4810	19.9500	20.5120
2. Total Workforce (million persons)	32.7180	33.6640	34.5900	35.7920	36.9940	38.1940	39.3940	40.6940	40.8000	41.0000	42.2000
2.1. Number of employed								36.7018	37.6764	38.7154	40.0000
By industry											
Agriculture	23.8970	23.5650	24.1220	24.7750	25.4410	26.0750	26.6970	25.0449	25.3049	25.5725	25.6200
Industry and construction	4.3700	4.3260	3.4350	4.4880	4.6320	4.8580	5.0900	5.3390	5.8000	5.9400	5.2000
Service	4.4510	5.7730	7.0330	6.5290	6.9210	7.2610	7.6070	10.3100	9.6950	9.4880	11.3800
3. Unemployment											
3.1. In Urban area(%)	4.7000	4.9000	5.2000	5.8800	6.0100	6.8500	7.4000	6.4400	6.2800	6.0000	6.1000
(Million Persons)	0.4150	0.4950	0.5440	0.6480	0.6940	0.8300	0.9400	1.0080	0.9730	0.9260	1.0110
3.2. In Rural Area	4.7794	5.4671	5.9823	6.9097	6.8335	7.5273	7.0774	7.1558	6.3260	6.1370	6.1490

(Rural labors that worked less than 8 hours per working day are considered as underemployment.)

3.3. Total (Million persons)	5.1940	5.9620	6.5270	7.5580	7.5280	8.3580	8.0170	8.1640	7.2990	7.0630	7.1600
Percentage of total workforce (%)	15.9000	17.7000	18.9000	21.1000	20.3000	21.9000	20.4000	20.1000	17.9000	17.2000	17.0000

11 Vietnam

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Emigration flow of nationals											
Number of nationals residing abroad			2,645,570	2,660,536	2,681,806	2,697,446	2,723,006	2,759,006	2,801,106	2,840,140	2,903,170
-through the international projects and international labor cooperation				12,666	18,470	12,240	21,810	31,500	37,000	46,000	75,000
-by individuals				2,300	2,800	3,400	3,750	4,500	5,100	5,700	6,500

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Immigration flow of foreigners			1,351,000		1,715,600	1,520,000	1,780,000	2,140,000	2,330,791	2,630,000	2,365,980
By purpose											
Tourism			611,000		691,400	599,000	838,000	1,139,000	1,319,068	1,462,000	1,072,181
Business			308,000		403,200	292,000	266,000	420,000	439,686	446,000	383,132
Visiting			433,000		371,800	301,000	337,000	400,000	478,580	425,400	318,658
Others			(1,000)		249,200	328,000	339,000	181,000	93,457	296,600	592,009
By countries/territory											
China PR			63,000		405,400	421,000	484,000	492,000	675,759	723,400	574,238
Hong Kong									4,557	4,000	
Taiwan			222,000		154,600	139,000	171,000	210,000	199,638	211,000	183,650
Japan			119,500		122,100	95,000	111,000	143,000	205,113	279,800	187,850
Korea S									74,968	105,200	111,460
Cambodia									71,234	73,200	74,290
Laos									27,278	35,800	71,969
Indonesia									10,997	11,400	13,600
Malaysia									26,230	45,800	40,800
Philippines									19,159	25,300	18,500
Singapore									31,908	35,100	31,000
Thailand			23,000		18,300	17,000	19,000	21,000	31,647	41,000	35,000

Australia									84,207	96,600	81,000
New Zealand									6,903	8,300	7,500
America			58,000		40,400	40,000	63,000	96,000	230,405	259,800	195,500
Canada									35,962	43,600	35,200
France			118,000		67,000	68,000	69,000	88,000	99,719	111,500	78,900
The UK			53,000		44,700	40,000	41,000	54,000	64,718	69,600	57,000
Germany									39,122	46,400	41,000
Italia									11,588	12,200	8,150
Oversees Vietnamese					272,200	232,200	281,700	276,500	310,000	375,000	390,000
Others									69,679	16,000	129,373
By Means											
Airways			1,206,800		1,033,700	873,700	1,022,100	1,113,100	1,294,500	1,540,300	1,420,000
Waterways			21,700		131,500	157,200	187,900	256,100	284,700	309,100	321,000
Road & Railways			122,500		550,400	489,100	570,000	770,800	751,591	780,600	624,980
Number of foreigners residing in your own country									30,000	31,000	30,500
Number of foreign workers in your own country									3,000	3,200	34,500
Number of permanent residents											
Number of illegal foreign workers											
Number of arrests of illegal immigrant											
Number of returnees											
Number of nationals having been repatriated											
Remittance from nationals residing abroad											