

Country Report

Hong Kong

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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 helpers, 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 6.5 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 4.2 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 5.5 per cent decline in real GDP change. In the second half of 1999 and 2000 the economy appeared to pick up again, reaching 10.0 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 started rebounding since the year of 2002 and was going strongly in 2003 and 2004 (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, trade in services and trade and investment facilitation. On trade in goods, the Mainland has agreed to apply zero import tariff 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 tariff 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 tariff 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, slackened significantly in 2001 but rebounded since 2002. It raised by 14.2 per cent and 15.3 per cent in 2003 and 2004 respectively. Export of services, which include revenues from tourism, witnessed a surge of 15.3 per cent in 2004. 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 until 2004. It rebounded by 6.8 per cent in 2004. 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 2000's Constant Price
(year-on-year % change)**

	1996	1997	1998	1999	2000	2001	2002	2003#	2004#					2005		
									Annual	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Private																
Consumption Expenditure	3.9	6.2	-6.6	1.4	6.0	2.1	-1.0	-1.0	6.8	5.7	10.8	5.2	5.8	4.4	2.7	4.6
Government																
Consumption Expenditure	3.8	2.4	0.7	3.1	2.1	6.0	2.5	1.9	0.7	5.7	0.0	-1.3	-1.7	-4.8	-2.3	-1.8
Gross Domestic																
Fixed Capital Formation	10.9	12.6	-7.3	-16.6	11.0	2.6	-4.5	0.9	4.1	5.1	11.5	2.1	-1.4	0.4	4.5	2.4
Export of Goods	4.8	6.1	-4.3	3.7	17.1	-3.3	8.7	14.2	15.3	15.0	18.7	15.3	12.6	8.9	11.1	12.8
Export of Services	10.2	-0.4	-3.5	8.8	12.1	6.4	10.9	7.9	15.3	13.9	32.7	12.2	7.7	8.8	8.6	8.2
Import of Goods	4.3	7.3	-7.3	0.0	18.2	-1.9	7.9	13.1	14.1	16.3	20.3	14.2	7.0	3.8	7.0	11.0
Import of Services	5.1	3.9	1.6	-4.4	4.2	2.0	3.9	-2.1	10.7	3.6	30.0	7.2	6.1	5.4	0.1	3.7
Real GDP	4.2	5.1	-5.5	4.0	10.0	0.6	1.8	3.1	8.2	7.4	12.0	6.7	7.2	6.2	7.3	8.2
Real GDP (HK\$ Billion)	1,157,014	1,216,180	1,149,126	1,195,143	1,314,789	1,323,167	1,347,495	1,389,792	1,504,147	353,527	359,929	387,038	403,653	375,463	386,033	418,895

Source: Census and Statistics Department. 2005. "GDP and Its Main Expenditure Components at Constant (2000) Market Prices." http://www.info.gov.hk/censtatd/eng/hkstat/fas/nat_account/gdp/gdp3_index.html (December 22, 2005)

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

Table 2: Distribution of GDP by Sectors (at Current Price)

Economic activity	1996	1997	1998	1999	2000	2001	2002	2003#	2004# +
<u>Primary and Secondary Industries</u>									
Agriculture and fishing	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Mining and quarrying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	6.8	6.0	5.6	5.3	5.4	4.8	4.2	3.7	3.6
Electricity, gas and water	2.5	2.4	2.9	3.0	2.9	3.1	3.2	3.2	3.2
Construction	5.4	5.5	5.7	5.5	4.9	4.6	4.2	3.7	3.2
<u>Service Industry</u>									
Wholesale, retail and import and export trades, restaurants and hotels	24.9	24.1	23.5	23.4	24.6	24.9	25.1	25.7	27.0
Transport, storage and communications	9.2	8.6	8.7	8.9	9.5	9.4	9.9	9.8	10.1
Financing, insurance, real estate and business services	23.3	24.4	22.6	21.3	21.4	20.2	20.0	20.9	21.3
Community, social and personal services	16.8	17.0	19.0	20.4	19.9	21.1	21.5	21.8	21.1
Ownership of premises	10.9	11.7	11.9	12.1	11.3	11.8	11.8	11.2	10.5
Sub-total	85.2	85.9	85.7	86.1	86.6	87.5	88.4	89.3	89.9

Source: Census and Statistics Department. 2005. "Gross Domestic Product (GDP) by Economic Activity, Percentage Contribution to GDP at Factor Cost."
http://www.info.gov.hk/censtatd/eng/hkstat/fas/nat_account/gdp/gdp6.htm
(December 22, 2005)

Notes: '0.0' Less than 0.05%
Figures are subject to revision later on as more data become available.
+ Preliminary figures.
N.A. Not yet available.

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 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	Wholesale, Retail, Restaurants & Hotels	Transport, Storage & Communications	Financing, Insurance, Real Estate & Business	Community, Social, & Personal 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	15.0	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
2003	7.8	8.2	31.5	10.8	14.9	26.1	0.8	3235.3
2004	6.8	8.3	32.4	10.9	14.5	26.4	0.7	3328.5
2005	6.7	7.9	33.1	10.5	14.9	26.1	0.7	3364.7

Source: Census and Statistics Department. Various years b.

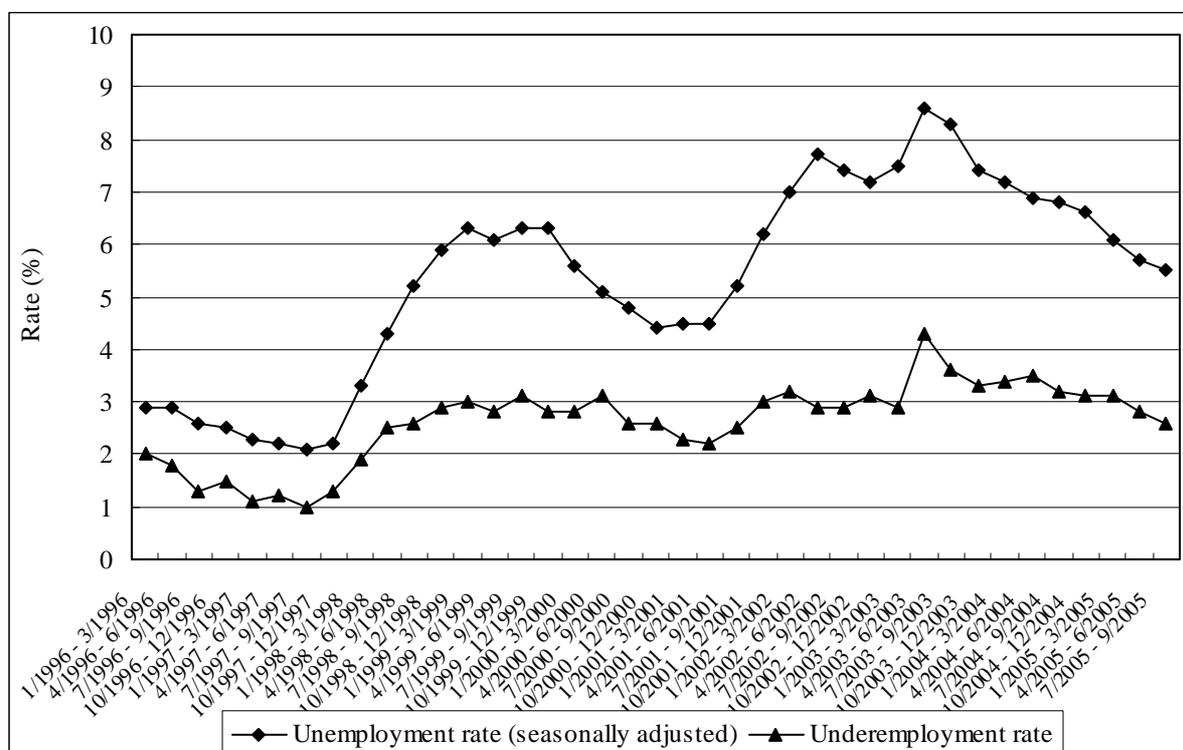
Note: 1981-2004 are year-end figures and 2005 is the second quarter figure.

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 Table 3. Even in absolute terms, the number of workers employed in manufacturing was dwindling in the 1980s. In line with the relocation of manufacturing production to low-cost countries, the number of workers engaged in manufacturing, as reported by the General Household Survey was halved from 919,500 in 1987 to 459,500 in 1996. The commerce sector (wholesale and retail trade and import/export) now becomes the largest employer, increasing its employment from 629,100 to 912,800 between the same period. The financial and business services sector also recorded a growth in workers engaged. Between the decade before 1996, manufacturing employment slumped by 50 per cent, while financial and business services and transport and communication shot up 115 per cent and 46 per cent respectively. Growth rates were equally impressive in commerce and community services. The trend continued well into the new century, 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 1996, the local labour force grew from 3.16 million to 3.55 million in 2004. On average the labour force increased by over 48,800 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 5.5 per cent between July and September 2005, down the height of 8.6 per cent between April and June 2003 (Figure 1).

Figure 1: Seasonally Adjusted Quarterly Unemployment and Underemployment Rate



Source: Census and Statistics Department. 2005. "Statistics on Labour Force, Unemployment and Underemployment."
http://www.info.gov.hk/censtatd/eng/hkstat/fas/labour/ghs/labour1_index.html
 (December 17, 2005)

Real wages grew at a slow rate for craftsmen and operatives, and had actually declined in 1994 and 1995. Middle level employees like clerical and sales workers enjoyed a more healthy growth, but their wages also dropped by 1.0 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. But both craftsmen and middle-level experienced negative real wages changes again in 2004. 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. After 1999, however, both groups enjoyed a growth in real wages, largely because of price deflation. 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.

Table 4: Annual Growth of Real Wages

Percentage Change	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Craftsmen and Operatives ¹	1.7	-2.1	-3.3	1.8	1.4	-0.8	3.9	1.8	2.8	3.2	0.7	-1.1
Non-productive Workers to Supervisory Level ¹	2.6	1.5	-1.0	0.9	1.8	0.1	4.7	4.2	1.6	3.3	0.8	-3.2
Middle Management and Professionals ²	4.0	3.8	3.7	3.3	3.6	3.1	4.8	9.9	5.3	3.4	4.7	2.5

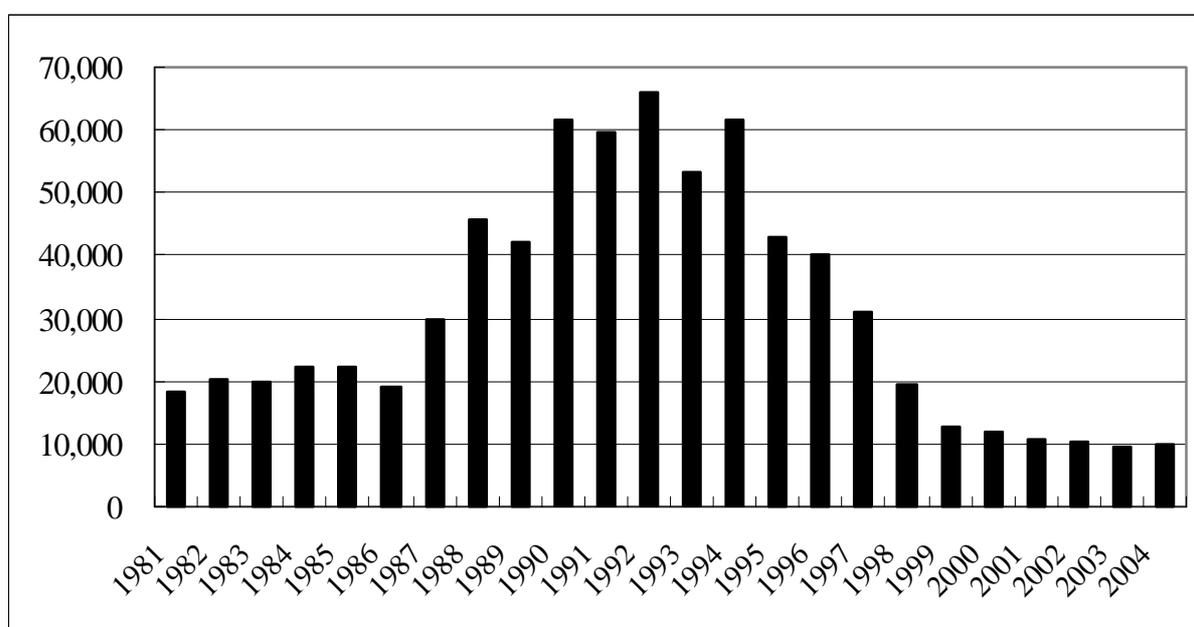
Source: Census and Statistics Department. Various years a.

Note: ¹Wages for craftsmen and operatives, and other non-production workers are September figures.
² Figures for managerial employees refer to Real Salary Index (B) in June of the year.

4. Emigration

Hong Kong has no legal restriction on emigration, nor precise record of people emigration to other countries. Hong Kong residents now enjoy as much freedom of travelling out of the Hong Kong Special Administrative Region (HKSAR) 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



Source: Information Services Department. 2005. "Hong Kong Information Notes: Emigration."
<http://www.info.gov.hk/info/hkin/emigration.pdf> (December 20, 2005)

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 61,700, or by some 47 per cent. In 1992, emigration peaked at 66,200. 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 80 to 90 per cent of emigrants in recently years. 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 the peak of 1994's 44,169 to 1997's 22,250 and then further decreased to 8,087 in 1998.¹ In 2003, estimated number of emigrants reached 9,600, an all-time low since 1987. In 2004, the number of emigrants increased slightly to 9,800, the first increment since 1995.

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 (Government Information Service 1995: 387). 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 (Government Information Service 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 but dropped to 50,287 next year. In 2004, it dropped to 38,100 and it was the lowest since 1994, probably due to the gradual convergence in standards of living between neighboring Guangdong area and Hong Kong. Still, the annual inflow of migrants from the Mainland contributes to a level of immigration into Hong Kong as among the highest in the world per head of population.

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 2003-2004, a total of 11,966 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 HKSAR. Border control actually has been implemented with more vigilance since the handover, as reunification brought with it a higher level of cooperation between the HKSAR government and the local authorities in neighbouring Mainland region.

Table 5. Immigration Flow into Hong Kong

Visas/Entry Permits Issued	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
One-way Permit	54,625	57,530	53,655	45,234	53,500	38,100
Employment Visas for foreigners*	14,587	15,115	19,432	17,732	17,270	15,989
Employment Visas under Admission of Talents Scheme	-	8	118	90	53	14
Employment Visas under Admission of Mainland Professionals Scheme	-	-	-	142	145	32
Employment Visas under Admission Scheme for Mainland Talents and Professionals	-	-	-	-	-	2,304
Employment Visas under Employment of Degree or Above Level Mainland Students Graduating from University Grants Committee-Funded Institutions in Hong Kong	-	-	-	30	103	106
Employment Visas under Supplementary Labour Scheme	1,774	190	1,336	1,283	778	728
Employment Visas for foreign domestic helpers	38,850	48,383	62,619	63,341	62,084	61,650
Entry Visa under Capital Investment Entrant Scheme	-	-	-	-	-	68
Student Visas	1,014	987	1,176	1,460	1,679	1,441
Dependant Visas	19,156	14,755	13,967	13,955	13,271	11,966
Total	130,006	136,968	152,303	143,267	148,883	132,398

Note: *Excluding training and group visa applications

Source: Government Information Service/ Information Services Department. Various years.

<http://www.info.gov.hk/yearbook> and

Immigration Department. Various years.

http://www.immd.gov.hk/a_report/ehtml/apndx_e.html

The return of Hong Kong to Chinese sovereignty did bring some changes in its immigration policies. One change was the end to the previous practice of allowing British citizens visa-free stay for one year in Hong Kong. Now they are allowed to stay in Hong Kong for 6 months and British visitors are subject to “visitors” condition with effect from 1 April 1997, meaning restrictions have been placed on their employment in Hong Kong. According to government figures, about 25,500 Britons resided in Hong Kong in 1996 and they could take up employment in Hong Kong. As a journalist reported at the eve of the handover: “Once the Union Jack is hauled down for the last time on the night of June 30, the British in Hong Kong will be just another group of expatriates seeking to make the best of Hong Kong’s famous ability to breed fortunes overnight.” (Elegant 1997: 52).

Another major change in immigration policy is the definition of permanent residents of Hong Kong. According to the Basic Law, Article 24, the definition of permanent residents with right of abode in Hong Kong include (see Figure 3 for a graphical presentation):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.

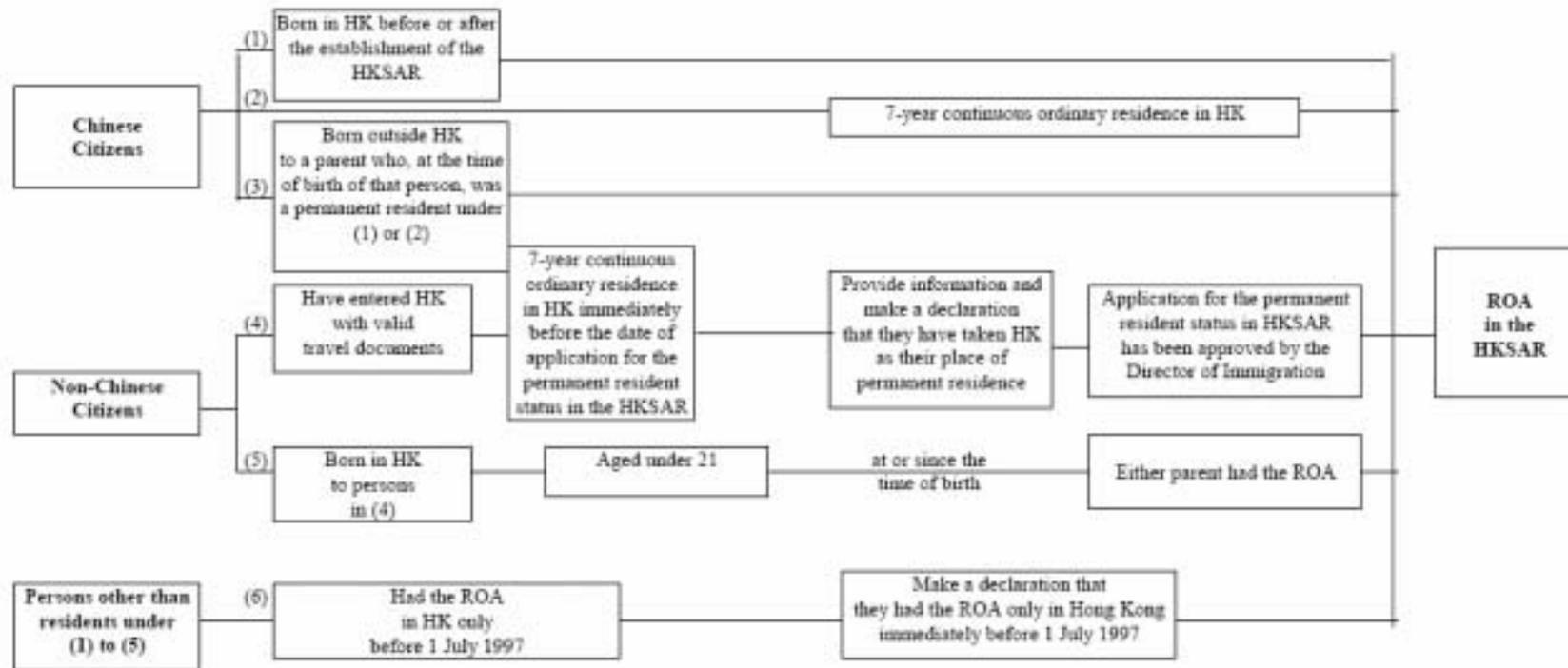
- (5) Persons under 21 years of age born in Hong Kong of those residents listed in category (4) before or after the establishment of the HKSAR; and
- (6) Persons other than those residents listed in categories (1) to (5), who, before the establishment of the HKSAR, had the right of abode in Hong Kong only.

Hence under the Basic Law all children who are of Chinese Nationality and who were born of 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 are those with an employment visa (Figure 3 and Table 6). British citizens used to be the exception, because they were allowed to stay for a 12-month period and could take up employment during their stay. As mentioned, this privilege was repealed 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 1998 the total number of employment visas approved has been steady at around 14,000-19,000 each year (Table 5). 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.⁴

Figure 3: Eligibility for the ROA in the HKSAR



- NOTES:
- (i) "Chinese Citizen" means a person who has Chinese nationality under the Chinese Nationality Law, as elaborated in the "Explanations adopted by the Standing Committee of the National People's Congress on 15 May 1996". (See Annex 3).
 - (ii) ROA under (3) can only be exercised upon the establishment of the permanent resident status by holding of
 - (a) valid travel documents issued to them and of valid certificates of entitlement also issued to them and affixed to such travel documents;
 - (b) valid HKSAR passports issued to them; or
 - (c) valid permanent identity cards issued to them.

Source: Information Services Department. 2005. "Hong Kong Information Notes: Right of Abode." <http://www.info.gov.hk/info/hkin/roa.pdf>. (December 22, 2005)

Table 6: Number of Foreign Domestic Helpers in Hong Kong (Year-end figures)

Year	Number of FDH	Growth Rate (year-on-year % change)
1990	70,335	21.33
1991	84,619	20.31
1992	101,182	19.57
1993	120,604	19.20
1994	141,368	17.22
1995	157,026	11.08
1996	164,299	4.63
1997	170,971	4.06
1998	180,604	5.63
1999	193,700	7.25
2000	216,790	11.92
2001	235,274	8.53
2002	237,104	0.78
2003	216,863	-8.54
2004	218,430	0.72

Source: 1990 to 1991, 1995 to 1996 figures are from Government Information Services. Various years.
1992 to 1994 and 1997 to 2004 figures are from Census and Statistics Department. 2003a, 2004a, and 2005a.

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 2000, the total rose further to 216,790 or by 11.9 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 per cent and there was the first decline in number of FDH in 2003 by 8.5 per cent. It increased again to 218,430 in 2004 (Table 6). Perhaps the prolonged stagnation of the economy has finally come to dampen the incentive to hire FDHs but we do not know yet whether this is temporary or the signal of a new trend. 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 2004, they were already 41.2 per cent of the total (Table 7).

Table 7: National Origin of FDHs in Hong Kong

Year	Country (%)			Total (N)
	Philippines	Indonesia	Thailand	
1991	91.07	2.19	6.74	83,086
1992	88.10	3.50	6.64	101,182
1993	87.40	5.10	5.80	120,604
1994	85.72	7.58	5.02	141,368
1995	85.05	10.60	4.35	154,241
1997	80.77	14.45	3.01	170,971
1998	77.72	17.59	2.95	180,604
1999	73.93	21.37	2.97	193,700
2000	69.88	25.45	2.98	216,790
2001	66.07	29.28	2.97	235,274
2002	62.58	32.97	2.81	237,104
2003	58.36	37.36	2.53	216,863
2004	54.81	41.22	2.25	218,430

Source: 1991 and 1995 figures are unpublished information that supplied by the Immigration Department. 1992 to 1994 and 1997 to 2004 figures are from Census and Statistics Department. 2003a, 2004a, and 2005a.

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."⁵ 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.⁶ 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.⁷ 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 HK\$50,000 for each offence. In the first eight months of this year, two employment agencies had their licences revoked due to overcharging of commission or breach of the Immigration Ordinance in the placement of FDHs. Last year, the department revoked two licences and refused to issue two licenses.⁸ Despite this regulation and vigorous enforcement, it is difficult for the Hong Kong authorities to control overcharging if that happens or is being arranged 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.⁹ 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 Last year, the Labour Department brought back to Hong Kong an Indonesian domestic helper who had already returned to Indonesia to serve as a prosecution witness in a wage underpayment case. In the first eight months of this year, the Labour Department secured 35 convicted summonses against employers of FDHs for breaches of the Employment Ordinance. This exceeds the total number of convicted summonses of 33 for the entire 2004 and 29 for 2003.

In the first eight months of this year, the department handled 1,295 claims involving FDHs, down 17% over the same period last year.¹¹ In one case, the employer was fined a total of \$44,000, in addition to the compensation for the underpaid wages (some \$50,000) already awarded to the FDH through an earlier civil claim. The number of reported cases is still small, however, compared with the total number of FDHs and the number of cases received by the Labour Department, suggesting the employment relations among FDHs and their employers have been amicable. 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. 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 8 Population by Nationality, 1991, 1996 and 2001

Nationality	1991		1996		2001	
	Number	%	Number	%	Number	%
Chinese (Place of domicile – Hong Kong)	5,191,545	94.0	5,623,467	90.4	6,261,864	93.3
Chinese (Place of domicile – other than Hong Kong)	48,029	0.9	64,717	1.0	76,898	1.1
Filipino	64,658	1.2	120,730	1.9	143,662	2.1
Indonesian	7,905	0.1	22,057	0.4	54,629	0.8
British	68,502	1.2	175,395	2.8	25,418	0.4
Indian, Pakistani, Bangladeshi and Sri-Lankan	14,329	0.3	20,955	0.3	28,642	0.4
Thai	11,787	0.2	15,993	0.3	14,791	0.2
Japanese	10,850	0.2	19,010	0.3	14,715	0.2
American	18,383	0.3	28,946	0.5	14,379	0.2
Nepalese	-	-	-	-	12,379	0.2
Canadian	15,135	0.3	32,515	0.5	11,862	0.2
Others	71,158	1.3	93,771	1.5	49,150	0.7
<i>Total</i>	<i>5,522,281</i>		<i>6,217,556</i>		<i>6,708,389</i>	

Source: Census and Statistics Department. 2001: 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 8). 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 in 2001 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.

Published statistics from the Census are based on nationality which is a not very good reflection of population movements. Dual nationality is allowed in many countries and many Hong Kong residents are holding foreign passports. In this case, the statistics therefore depend on which nationalities the respondents will claim to possess during the interview. A more precise measure is place of birth but no detailed statistics are reported from the Censuses. I have therefore generated from the raw data of the 2001 Population Census statistics based on place of birth. Table 9 presents activity status by place of birth. It is revealed that about a little less than 40% of our population were born outside of Hong Kong and Macao (whose population could reside and work in Hong Kong freely), of which 6.76% came from outside of Mainland China. Among the working population, 27.33% came from the Mainland 9.5% came from outside of Mainland China. The proportion of Mainland born working population (27.3%) is significantly lower than that of the whole population (32.5%), suggests a lower labour force participation rate among immigrants from Mainland China, with a high proportion of dependents.

Table 9. Activity Status by Place of Birth, 2001

Place of Birth	% (within activity status)		Overall
	Working Population	Non-working Population	
<u>% in Whole Population</u>			
Hong Kong & Macau	63.17	58.47	60.75
Mainland China	27.33	37.36	32.50
<i>Other Places</i>	9.50	4.17	6.76
<u>% in Non-Chinese Born Population</u>			
- Philippines	44.56	4.60	31.85
- Thailand	4.09	6.15	4.74
- Indonesia	21.27	19.04	20.56
- India, Pakistan, Bangladesh & Sri-Lanka	4.73	7.53	5.62
- Japan	2.43	4.93	3.23
- Other Asian & Oceanian Countries	13.61	29.56	18.68
- U.K.	4.43	5.79	4.86
- Other European Countries	2.02	3.38	2.45
- USA	1.41	7.64	3.39
- Canada	0.72	9.72	3.58
- Others Central, South American & African Countries	0.72	1.66	1.02

Source: Population Census public use dataset.

Table 10 and 11 further examines the industrial and occupational distribution of non-local born population. It is obvious that those who were born outside of Hong Kong, Macao and Mainland China were mostly engaged (67%) in the community, social and personal services industry, as the majority of them were FDHs. This is particularly prominent if we break down further the foreign born into developing and developed areas.¹² Among those who came from developing areas, more than three quarters were in the community, social and personal services. For those who were born in developed areas, the highest percentage (33.2%) could be found in financing, insurance, real estate and business sector. Among the Mainland born, a higher than the overall proportion could be found in manufacturing, construction, wholesale, retail, restaurants and hotels. As for the occupational distribution, the FDHs again skewed the presence of the foreign born in the elementary occupations. While those born in developed countries were mainly found in the managerial and administrative occupations. The Mainland born working population also had a high concentration (26.9%) in the elementary occupations, and a higher than overall percentage (16.4%) among the machine operators.

Table 10. Working Population by Industry and Place of Birth

Place of Birth	% (within place of birth)						
	Manufacturing	Construction	Wholesale, Retail, Restaurants & Hotels	Transport, Storage & Communications	Financing, Insurance, Real Estate & Business	Community, Social, & Personal Services	Others
HK & Macau	12.11	5.91	25.57	13.15	18.98	23.18	1.09
Mainland China	15.43	13.35	32.89	9.32	11.47	16.48	1.06
<i>Others</i>	<i>4.81</i>	<i>2.49</i>	<i>11.24</i>	<i>4.26</i>	<i>9.99</i>	<i>67.00</i>	<i>0.21</i>
- Developing Areas	3.70	2.53	9.27	3.13	5.54	75.67	0.16
- Developed Areas	10.62	2.28	21.53	10.17	33.24	21.68	0.48
Overall	12.33	7.62	26.21	11.26	16.07	25.51	1.00

Source: Population Census public use dataset.

Table 11. Working Population by Occupation and Place of Birth

Place of Birth	% (within place of born)								
	Manager & Administrator	Professional	Associate Professional	Clerks	Sales	Crafts	Machine Operator	Elementary Occupation	Others
HK & Macau	11.11	6.95	19.81	20.73	15.31	8.55	7.45	9.76	0.33
Mainland China	9.82	2.37	8.37	10.55	17.83	15.57	9.02	26.05	0.42
<i>Others</i>	<i>11.02</i>	<i>5.16</i>	<i>5.58</i>	<i>3.33</i>	<i>5.16</i>	<i>2.20</i>	<i>1.76</i>	<i>65.74</i>	<i>0.05</i>
- Developing Areas	4.66	1.94	3.40	2.97	4.98	2.43	1.97	77.61	0.03
- Developed Areas	44.28	22.00	16.95	5.21	6.11	1.02	0.64	3.68	0.11
Overall	10.75	5.53	15.33	16.29	15.03	9.87	7.34	19.53	0.32

Source: Population Census public use dataset.

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.¹³

“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.”¹⁴ 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.¹⁵

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.¹⁶ 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.¹⁷ 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.¹⁸

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.¹⁹ 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. They must be offered a job by a Hong Kong

registered company with a remuneration broadly comparable to the local market rate. There is no ceiling or quota set on the Scheme.

The Immigration Department will issue an employment entry permit to the employer for onward transmission to the successful candidate. The candidate needs to obtain an Exit-entry Permit for Travelling to Hong Kong and 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 who 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.²⁰ 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 HKSAR government will have to balance against the prevention of abuses and the imposition of excessive restrictions on the Scheme.²¹ By September 2002, a total of 431 entry applications were submitted, of which 263 are from the information technology (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.²² 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.²³ In the end, a limited number of “imported” workers have been inducted under the various schemes of labour importation since the 1980s.²⁴

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.²⁵ 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 total of 10,879 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.

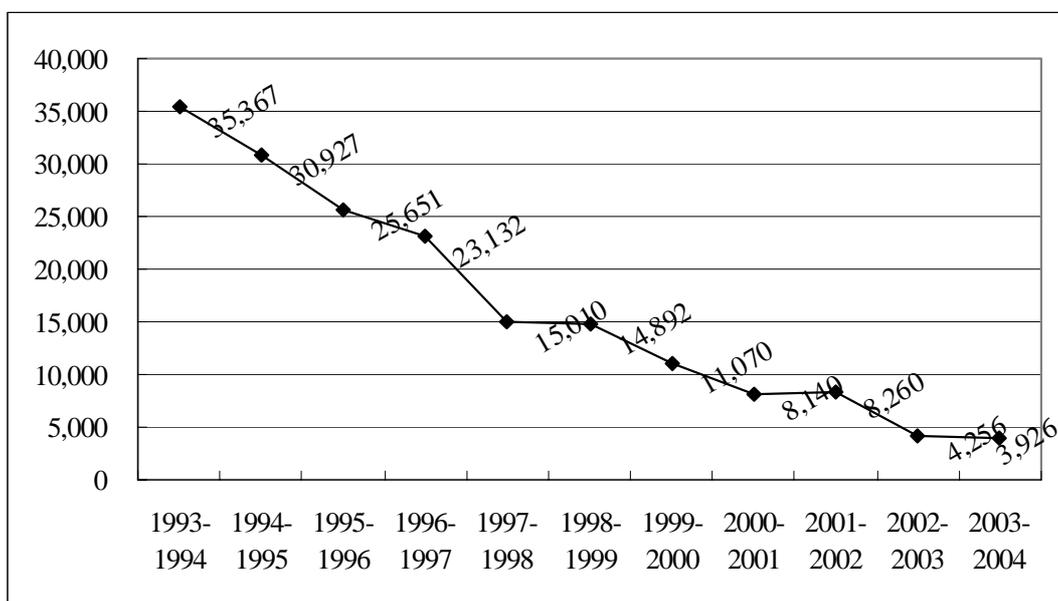
In 1995, an economic downturn and rise in unemployment then fuelled public resentment over the presence of legal and illegal imported workers. Then after the last Legislative Council election under British rule in 1995, trade unionist and other “grassroots” representatives occupied a majority of the 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.²⁶ 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.²⁷ 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.²⁸ 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 4: Illegal Immigrants from the Mainland Intercepted



Source: Immigration Department. Various years.

http://www.immd.gov.hk/a_report/ehtml/apndx_o.html (December 19, 2005)

During the past year there were again proposals to allow employers to import workers but this time it comes as an 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. More will be reported under the “Current Trends” section.

The problem of “illegal workers” refers here to those who 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 2003-2004, the number of intercepted illegal immigrants stabilized at 3,926, and represented a major decrease when compared with 23,132 illegal immigrants arrested in 1996-1997 (Figure 4). 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 2004, 15,727 illegal workers were arrested, representing a decrease of 10 per cent from 16,548 in 2003. 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, 10,092 or 64.2 per cent of those arrested in 2004 were of this category. Excluding the prostitutes, the increase of illegal workers in the last three years was still remarkable. In 2002, the number of illegal workers arrested was 3,534 and in 2004, it shot up to 5,635 (Table 13). 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, 5,739, and 7,659 in 2002, 2003, and 2004 respectively.²⁹

Table 13 Statistics on Illegal Workers and Employers Prosecuted

	2001	2002	2003	2004
Illegal workers arrested	7,841	11,990	16,548	15,727
For Illegal employment	2,681	3,534	5,317	5,635
For Prostitution	5,160	8,456	11,231	10,092
Employers of illegal workers prosecuted	383	383	445	507

Source: Immigration Department. http://www.immd.gov.hk/ehtml/facts_4.htm (December 17, 2005).

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 391.³⁰ 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 HK\$350,000.³¹

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.³²

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\$350,000.³³ In 2004, 507 employers were prosecuted for employing illegal workers (Table

13). 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.³⁴ In other cases, foreign domestic helpers illegally take up additional employment.

Recent Issues in International Migration

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

As a new measure introduced after the Report of the Task Force on Population Policy, a new "Admission Scheme for Mainland Talents and Professionals" was implemented since July 2003. 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.³⁵

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.

Since the inception of the scheme in July 2003 to October 2005, a total of 10,055 applications were received, representing an annual average of 3,000 to 4,000 applications. A total of 7,665 applications were approved over the same period, of which the largest group was in academic research and education (4,862), followed by financial services, commerce and trade (1,062). Arts and culture, recreation and sports (671) came in third. The government estimates that every admitted professional will help create an additional 1.8 posts for the company.³⁶ Some interested cases of Mainland talents were also reported in the local press. For example, a senior Shalin monk who is also a martial art expert arrived in November 2004 on an annual salary of over one million dollar. He is brought in to head a cultural centre and teach martial arts.³⁷

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.”³⁸

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.

Since the launch of the Scheme to September 2005, 979 applications were received, out of which 140 approvals-in-principle and 520 formal approvals were granted. The majority of the applications were from the Mainland China (475), and the other major groups were residents of Macao and Taiwan. A total investment of HK\$3,739.28 million was involved, out of which HK\$1,230.95 million was in real estates and HK\$2,508.33 million was in specific financial assets.³⁹

On the largest category of transient migrant workers, the FDHs, the Task Force 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. Previously, I have 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 HK\$3,670 a month, a 5 per cent reduction from the previous HK\$3,860.⁴⁰ Since that adjustment, the Government had kept the minimum allowable wage unchanged. In the report, however, the Task Report finally announced a reduction in the minimum monthly salary for FDHs by HK\$400 starting from April 2003. In 2004, the minimum allowable wage remained unchanged. The minimum allowable wage increased by HK\$50 from HK\$3,270 to \$3,320 starting from May 2005.

Another proposal is to impose a levy on employers of FDHs. The Task Force 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 HK\$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 HK\$9,600 or in four equal instalments of HK\$2,400.”⁴¹ 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.⁴²

The government also insisted that the new levy is unrelated to the \$400 monthly salary reduction for FDHs beginning in April 2003. A government spokesperson stressed that “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.”⁴³ 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%.

Subsequently several FDHs with the help of NGOs applied to the High Court for a judicial review of the two decisions, ie, to simultaneously impose the levy and reduce the minimum allowance salary by the same amount. “The practical consequence of course has been that the individual employer — if he has so chosen, the decision resting entirely with him — has not himself had to suffer any financial loss. While he has been obliged to pay a levy of \$400 per month, he has been able to reduce the wage payable to his domestic helper by the exact same amount. On one view, therefore, it has been the foreign domestic helper who has effectively had to pay the levy.” (Hartmann 2005: 3) The primary contention of the case is whether the levy imposed upon employers of foreign domestic helpers constituted a discriminatory tax upon those employers and, through them, upon foreign domestic helpers too. Employers of many other categories of workers imported into Hong Kong are not made subject to the levy. If this is case can be established, then, as a discriminatory tax, the levy offends art.26 of the International Covenant on Civil and Political Rights (‘the ICCPR’) incorporated into the domestic law of Hong Kong by art.39 of the Basic Law. Judge J Hartmann, who heard the case, however, accepted the explanation by the government as explained above, ruled out the connection between the levy and the salary reduction and hence dismissed the application for judicial review.

The last recent change in immigration policy is the latest proposal in last year to import semi-skilled foreign production workers. In October 2005, as our foreign markets have begun to tightening rules-of-origin regulation and monitoring of textile exports, proposals were aired by manufacturers once again to import production workers through tripartite consultation. This time, even labour representatives are sympathetic with the proposal as it might stimulate the employment of local workers through expanding production by importing foreign workers. Finally in November 2005, The Labour Advisory Committee, a tripartite body, approved the scheme to bring in a maximum of 5000 foreign workers. To ensure the scheme will not affect local workers adversely, a minimum daily wage of around HK\$200 was being imposed for these workers to avoid depressing local wages. Another measure was to tie the quota for bringing in foreign workers to the employment of local workers by the same company. For example, it is proposed that companies hiring one local worker will be allowed to bring in one foreign worker. For those companies which have maintained their local production, they would be able to bring in 4 foreign workers with the employment of every local worker.⁴⁴

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 needs 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. Hong Kong should try its best to prevent such a backlash from materializing and strike a compromise between the extremes, while at the same time protect the interests of the more vulnerable foreign workers here. The recent economic recovery hopefully will also contribute to a more tolerant atmosphere towards migrants, as evidenced by the new accord between labour and capital to bring in foreign textile workers.

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Annex I – Major Economic Indicators

Major Economic Indicators	1996	1997	1998	1999	2000	2001	2002	2003	2004
Real GDP Growth (%) ¹ (At 2000's Market Price)	4.2	5.1	-5.5	4.0	10.0	0.6	1.8	3.1	8.2
Per capita GDP ¹ (HK\$ at 2000's market price)	179,772	187,401	175,690	180,977	197,268	196,756	198,541	204,288	218,543
% change over the preceding year	-0.3	4.2	-6.2	3.0	9.0	-0.3	0.9	2.9	7.0
Current Account Balance ² (Million HK\$)		-59,836	19,421	79,535	54,494	76,315	96,800	128,240	127,401
Foreign Direct Investment ³ (Million HK\$)			114,359	190,689	482,569	185,424	75,509	106,310	265,093
Producer Price Index (2000=100) ⁴	103.6	103.3	101.4	99.8	100.0	98.4	95.7	95.4	97.6
% change over the preceding year	-0.1	-0.3	-1.8	-1.6	0.2	-1.6	-2.7	-0.3	2.2
Consumer Price Index ⁵ (10/1999-9/2000 = 100)	98.8	104.5	107.5	103.2	99.4	97.8	94.8	92.4	92.0
% change over the preceding year	6.3	5.8	2.8	-4.0	-3.8	-1.6	-3.0	-2.6	-0.4
Real Wage Growth (year-on-year % change) ³									
Craftsmen and Operatives	1.8	1.4	-0.8	3.9	1.8	2.8	3.2	0.7	-1.1
Non-production workers to supervisory level	0.9	1.8	0.1	4.7	4.2	1.6	3.3	0.8	-3.2
Middle management and professionals	3.3	3.6	3.1	4.8	9.9	5.3	3.4	4.7	2.5

Sources: ¹Census and Statistics Department. 2005. "Gross Domestic Product (GDP), Implicit Price Deflator of GDP and Per Capita GDP."
http://www.info.gov.hk/censtatd/eng/hkstat/fas/nat_account/gdp/gdp1_index.html (December 22, 2005)

²Census and Statistics Department. 2005. "Balance of Payments (BoP) Account."
http://www.info.gov.hk/censtatd/eng/hkstat/fas/bop/bop1_index.html (December 22, 2005)

³Census and Statistics Department. Various years a.

⁴Census and Statistics Department. 2005. "Quarterly Producer Price Indices for Manufacturing Industries (2000=100)."
http://www.info.gov.hk/censtatd/eng/hkstat/fas/industry/ppi_index.html
 (December 22, 2005)

⁵Census and Statistics Department. 2005. "Consumer Price Indices (October 1999 - September 2000 = 100)."
http://www.info.gov.hk/censtatd/eng/hkstat/fas/cpi/cpi_std_index.html (December 22, 2005)

Notes

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¹ The figures of 1997 and 1998 are available at Citizenship and Immigration Canada. 2005. "Canada-Permanent Residents by Top Source Countries."

(<http://www.cic.gc.ca/english/pub/facts2004/permanent/12.html>). The figure of 1994 is available at Citizenship and Immigration Canada. 1999. Citizenship and Immigration Statistics.

(<http://www.cic.gc.ca/english/pdf/pub/1996stats.pdf>)

² *Apple Daily*. 1997. November 17.

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

⁴ Private correspondence from the Labour Department. 23 January, 1998, p.3.

⁵ Information Services Department. 2001. "Press release: Foreign Domestic Helpers Urged to Report Deprivations." March 12. (<http://www.info.gov.hk/isd/news/index.htm>).

⁶ For a critical view, please see Asian Migrant Centre (1999).

⁷ *South China Morning Post*. 1997. October 14.

⁸ Information Services Department. 2005. "Press Release: Efforts to safeguard foreign domestic helpers' rights stepped up." September 22. (<http://www.info.gov.hk/isd/news/index.htm>)

⁹ *Ming Pao*. 2005. "40% of Indonesian Helpers underpaid, NGOs Pointed to Insufficient Monitoring." June 10. It cited a report from Hong Kong Oxfam and Asian Migrant Centre claiming 40% of Indonesian helpers being underpaid with their salaries and also not enjoying their legal holidays.

¹⁰ Information Services Department. 2000. "Press Release: Underpaid Foreign Domestic Helpers to Report Their Cases." February 28. (<http://www.info.gov.hk/isd/news/index.htm>).

¹¹ Information Services Department. 2005. "Press Release: Efforts to safeguard foreign domestic helpers' rights stepped up." September 22. (<http://www.info.gov.hk/isd/news/index.htm>)

¹² Developing Areas: Philippines, Thailand, Indonesia, India, Pakistan, Bangladesh and Sri-Lanka, Malaysia, Vietnam, Other Asian & Oceanian Countries, Countries of the Commonwealth of Independent States & Russia, Other European Countries, Others Central and South American African Countries. Developed Areas: Japan, Taiwan, South Korea, Singapore, Australia, New Zealand, U.K., Ireland, France, Germany, Italy, Portugal, Netherlands, Switzerland USA, Canada.

¹³ Information Services Department. 1999. "Press Release: Government Announces Details of Admission of Talents Scheme." December 16. (<http://www.info.gov.hk/isd/news/index.htm>).

¹⁴ 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. Information Services Department. 1999. "Press Release: LCQ3: Admission of Talents Scheme." November 17. (<http://www.info.gov.hk/isd/news/index.htm>).

¹⁵ Information Service Department. 1999. "Press Release: 14 appointed to Selection Committee on Admission of Talents Scheme." December 9. (<http://www.info.gov.hk/isd/news/index.htm>).

¹⁶ 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))

¹⁷ *South China Morning Post*. 2000. "Mainland Job-seekers Turned Back Despite Shortage of Skilled Workers." October 7.

¹⁸ *South China Morning Post*. 2000. "Slow Build-up to 'Brain-gain'." May 27.

¹⁹ The following description of the Scheme is based on the Immigration Department's press release on the Scheme. Information Services Department. 2001. "Press Release: Admission of Mainland Professionals Scheme." May 18. (<http://www.info.gov.hk/isd/news/index.htm>).

²⁰ *South China Morning Post*. 2001. "Academic Supports Move to Import Mainland Talent." April 9.

²¹ *South China Morning Post*. 2001. "Pledge on Professionals' Scheme." April 9.

²² 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))

²³ This discussion of importation of foreign worker is based on Chiu and Levin (1993).

²⁴ 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. January 23, 1998, p.2, and also January 19, 2000.

²⁵ The relaxation of restraints on importation of labour was the government's short-run strategy for coping with a labour shortage and loss of talents due to emigration. Its medium term strategy was to encourage the return to Hong Kong of former migrants. One form this has taken is a joint venture between the Government, the Hong Kong Institute of Personnel Management and the Hongkong Bank to develop an advanced communication network to assist local employers in recruiting suitable staff from abroad (Chan, 1991). After the Tiananmen Incident in June, 1989, an additional strategy aimed at encouraging key workers to remain in Hong Kong was to offer them access to foreign passports, most notably the British nationality scheme for granting 50,000 British passports to key persons and their families.

²⁶ *Ming Pao*. 1998. November 30; *Apple Daily*. 1998. December 2.

²⁷ Private correspondence from Labour Department. 17 January, 2000, p.2.

²⁸ *Ming Pao*. 1998. December 1 and 16.

²⁹ Information Services Department. 2003. "Press Release: LCQ17: Measures in Combatting Illegal Workers." October 22. (<http://www.info.gov.hk/isd/news/index.htm>)

Information Services Department. 2005. "Press Release: LCQ16: Vigourous Actions against Illegal Employment." June 22. (<http://www.info.gov.hk/isd/news/index.htm>)

³⁰ The figures include visitors, two-way permit holders, FDHs, imported workers and illegal immigrants who have engaged in illegal employment. Immigration Department (2000).

³¹ Immigration Department (2000).

³² 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. (Government Information Service. 1998. "Daily Information Bulletin: LCQ18: Illegal Employment." July 29. (<http://www.info.gov.hk/isd/news/index.htm>).

³³ 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 two-way permit holder, is found on his site but would be liable only if the person in question takes up employment on the site (Government Information Service. 1998. "Daily Information Bulletin: Tougher Control on Illegal Employment on Construction Sites." October 22. (<http://www.info.gov.hk/isd/news/index.htm>).

³⁴ For example, legislators were informed by the Deputy Secretary for Education and Manpower in October 1998 that foreigners hired as domestic helpers are to be prevented from being employed as chauffeurs. This followed calls by unionists for a crackdown, amid evidence that a growing proportion of private drivers in Hong Kong were foreign helpers. These foreign domestic helpers then received HK\$3,860 a month while drivers could earn at least HK\$8,000 (HKS 23/10/98).

³⁵ Information Services Department. 2003. Press Release. "Exco Endorses New Schemes to Attract Quality Immigrants." March 11. (<http://www.info.gov.hk/isd/news/index.htm>).

³⁶ Information Services Department. 2005. "Press Release: LCQ5: HKSAR Admission Scheme." November 23. (<http://www.info.gov.hk/isd/news/index.htm>)

³⁷ *Ming Pao*. 2005. "The First Imported Martial Art Talent." April 22.

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- ³⁹ Immigration Department. http://www.immd.gov.hk/ehtml/hkvisas_13_19.htm
- ⁴⁰ Information Services Department. 1999. "Daily Information Bulletin: Minimum Allowable Wage for Foreign Domestic Helpers." February 2. (<http://www.info.gov.hk/isd/news/index.htm>).
- ⁴¹ Information Services Department. 2003. "Press Release: FDH Employers to Pay Employees Retraining Levy." August 29. (<http://www.info.gov.hk/isd/news/index.htm>).
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- ⁴⁴ *Apple Daily*. 2005. "Both Labour and Employers Endorsed the Importation Scheme in Textiles." November 16.