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Determinants of Intra-Regional Migration and Effects of Economic Partnership Agreements in East Asia

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The author tries to identify determinants of intra-regional movement of different types of persons in East Asia by combining Japanese immigration statistics with statistics in East Asian countries. Main findings are: 1) intra-corporate transferees, which occupy the largest share of intra-regional movement of the highly skilled, does not necessarily grow since the 1990s, but are reallocated within and between regions. 2) movement of persons except travelers and entertainers cannot be explained mainly by purely economic factors, 3) students migration is mostly influenced by improvement of income level in the home country, while trainees migration is connected with low-wage sectors in the host country. It is recommended that the Economic Partnership Agreement of "ASEAN+3" should incorporate such measures as to 1) facilitate intra-corporate transfer and strengthen intra-regional networks, 2) encourage return migration of the highly skilled from outside the region and strengthen measures to human resources development within the region and 3) encourage bilateral agreements to protect low skilled workers etc. Encouraging innovation and reducing intra-regional income gaps may lead to long-term solution of the problems of international migration

Key words : Economic Partnership Agreement (EPA), the highly skilled, intracorporate transferee, student migration, reverse brain-drain, R&D center, bilateral labor agreement, irregular migration

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I. Introduction

This paper based on economic analysis aims to identify determinants of intra-regional migration of highly skilled workers, unskilled workers, students, trainees as well as business travelers in East Asia by combining Japanese statistics with those in the other East Asian countries and to draw policy implications in establishing formal regional economic integration in ASEAN+3 (namely Japan, Korea and China).

During the process of recovery from the monetary crisis and from the recession after IT boom, intra-regional differentials of GDP growth and unemployment among East Asian economies have been clearly widened (See Table 1 and 2) . This may lead to growing potential of irregular unskilled labor migration, especially illegal migration and trafficking. However, there is no country which takes initiative of reducing such potentials.

Furthermore, since the middle of 1990s, global competition for the highly skilled, especially that of science and technology workers emerged. The developed countries in North America and Europe have deregulated their immigration regulations for the highly skilled as well as students. According to the ILO, more than half of the additional demand for the highly skilled in these countries has been filled by those from Asia. As the fertility ratio in these countries declines, more demands may be targeted to human resources in Asia(ILO, 2001).

Since November 2002, Japan, Korea, China and ASEAN countries have begun with the process for establishing free trade agreement based on WTO agreements or “Economic Partnership Agreement”. Japan has been conducting several negotiations with Thailand and Malaysia in 2003. However, in most cases, diplomats and officials are interested only in “requests and offers” as they did in the Uruguay Round. They have no immediate needs for considering regional system of international migration in East Asia(Iguchi, 2003).

Therefore, now is the time to ask ourselves whether international migration is

Table 1. Real GDP Growth in East Asia

(unit : %)

	1998	1999	2000	200 1	2002	2003(estd)	2004(proj)
Japan	-1.1	0.7	2.6	-0.3	0.3	2.0	1.4
Korea	-6.7	10.9	9.3	3.1	6.3	2.5	4.7
China	7.1	7.8	8.0	7.3	7.4	7.5	7.5
Hong Kong, China	-5.0	3.4	10.2	0.6	2.3	1.5	2.8
Chinese Taipei	4.6	5.4	5.9	-2.2	3.5	2.7	3.8
Singapore	-0.9	6.4	9.4	-2.4	2.2	0.5	4.2
Malaysia	-7.4	6.1	8.3	0.4	4.2	4.2	5.3
Thailand	-10.5	4.4	4.6	1.9	5.2	5.0	5.1
Indonesia	-13.1	0.8	4.9	3.4	3.7	3.5	4.0
Philippines	5.8	3.4	6.0	3.0	4.4	4.0	4.0
Vietnam	5.8	4.8	6.8	6.9	7.0	6.0	7.0

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

Table 2. Unemployment in East Asia

(unit : %)

	1997	1998	1999	2000	2001	2002
Japan	3.4	4.1	4.7	4.7	5.0	5.4
Korea	2.6	6.8	6.3	4.1	3.7	3.1
China	3.1	3.1	3.1	3.1	3.6	4.0
Hong Kong, China	2.2	4.7	6.3	4.9	5.1	7.3
Chinese Taipei	2.7	2.7	2.9	3.0	4.6	5.2
Singapore	1.8	3.2	3.5	3.1	3.3	4.3
Malaysia	2.4	3.2	3.4	3.1	3.6	3.5
Thailand	1.5	4.4	4.2	3.6	3.4	1.8
Indonesia	4.7	5.5	6.4	6.1	8.1	9.1
Philippines	8.7	10.1	9.8	11.2	11.1	10.2
Vietnam	6.4	6.9	7.4	6.4	6.3	6.0

Source : Asian Development Bank (2002); APEC (2002) and national data.

Note : The data of China and Vietnam relate to urban areas.

manageable under the regional economic integration in East Asia. To answer to this question, we should identify the determinants of international migration and then to discuss how to manage or control international migration under the free trade agreement or Economic partnership Agreement” in East Asia.

II. Determinants of International Migration within the Region

Before entering into detailed discussion, it is important to draw attention to the mechanism why intra-regional income disparities could not be reduced, irrespective of high economic growth and improvement of income in East Asia. If you look at the table 3, you will see the fluctuation of foreign exchange market, especially after

Table 3. Changes in GDP per Capita in National and Foreign Currencies
During the 1990s

	GDP per capita in local currencies		Change in exchange rate against US Dollar		GDP per capita in US Dollar		Income differences in Dollar	
	1991	2000	1991	2000	1991	2000	1991	2000
Japan (1,000Yen)	3,582	3,992	144.88	107.79	24,724	37,034	100	100
Korea (1,000Won)	5,001	11,104	707.76	1,130.96	7,066	9,818	29	27
China (Yuan)	1,829	7,084	5.3234	8.2785	344	856	1	2
HongKong China (HK\$)	103,010	193,299	7.771	7.791	13,256	24,811	54	67
ChineseTaipei (1,000\$)	235	437	27.108	31.395	8,669	7,184	35	20
Singapore (S\$)	23,794	39,251	1.7276	1.7240	13,773	26,954	56	73
Malaysia (Ringit)	7,285	14,563	2.7501	3.8000	2,649	3,833	11	10
Thailand (Baht)	39,104	75,026	25.517	40.112	1,532	1,870	6	5
Indonesia (Rupia)	1,175,534	6,132,505	1950.3	8421.8	603	728	2	2
Philippines (Peso)	19,595	43,687	27.479	44.192	713	989	3	3
Vietnam (Don)	1,140,760	5,688,749	10.037	15,280	114	373	0.5	1

Source : Asia Development Bank, IMF and Japan.

the financial crisis, has almost offset the efforts of reducing intra-regional income gaps.

Even with the recovery of East Asian developing economies from the financial crisis and recession from IT boom, the intra-regional income differential has remain almost unchanged for Vietnam, the Philippines and Indonesia, which are potentially very large labor exporting countries.

Taking into consideration of such region-wide development, we try to identify determinants of intra-regional migration of highly skilled workers, unskilled workers, students, trainees as well as business travelers in East Asia by combining Japanese statistics with those in the other East Asian countries.

Table 4. International Migration in East Asia in 2001

(thousand)

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

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

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

As classification of determinants concerning international migration, would raise the following: 1) Pull factors in host country, especially of labor demand or its alternatives. 2) Push factors in home country, especially of labor supply. 3) Gaps between home and host countries, such as income, employment and living conditions, 4) Intermediaries or networks, which may enable people to move across the border, 5) legal, institutional or policy framework, which facilitates, restrains or prohibits the flow of people.

Naturally, 1) and 2) are based on traditional economic theories, while 3) presumes there is imperfect information in the in labor market. 4) is a sociological aspect and of practical importance for migrants and 5) is institutional background or condition of international migration.

In the following, we are going to identify some of the determinants of international migration as much as possible.

First, we will compare the movement of intra-corporate transferee from Japan to Asia, Europe and North America. By doing so, we would be able to identify factors which influences such movement

1. Inter-regional comparison of the intra-corporate transfer

Intra-corporate transfer is the most popular form of the highly skilled migration in East Asia (Iguchi, 2002). Intra-corporate transfer play an important role within East Asia to realize transfer of technology not only for manufacturing sector but also for service sector.

In 2002, the employment created by Japanese companies in Asia amounts to 2.224 thousand and intra-corporate transferees from Japan is over 26 thousand. To strengthen intra-regional production and service networks, there has been growing cases of reorganization and rearrangement within East Asia. Foreign direct investment to China has been rapidly growing for the past several years. However, foreign direct investment to NIES and ASEAN has also been maintained.

The creation of employment and technology transfer through foreign direct investment plays an important role of substituting labor importation to host countries. Therefore, foreign direct investment has much relevance to functioning of migration

Table 5. Employees in Japanese Affiliated Companies

	Oct. 1998	Oct. 1999	Oct. 2000	Oct. 2001	Oct. 2002
Total	1,880,492 (26,648)	1,962,572 (26,560)	2,064,795 (25,461)	2,220,483 (25,455)	2,224,931 (26,231)
Korea	79,963 (485)	79,365 (478)	79,974 (524)	77,181 (643)	72,437 (871)
China Mainland	466,979 (5,043)	530,705 (5,612)	566,728 (5,224)	639,100 (5,587)	683,914 (6,678)
Hong Kong China	139,010 (3,525)	136,526 (3,298)	144,259 (3,077)	109,648 (3,052)	111,344 (3,066)
Taipei China	121,550 (2,030)	115,435 (2,093)	107,912 (2,040)	111,925 (1,951)	102,756 (1,846)
Malaysia	219,254 (2,574)	212,630 (2,495)	226,431 (2,327)	258,280 (2,268)	229,776 (2,239)
Thailand	337,540 (4,917)	337,034 (4,682)	344,918 (4,451)	381,560 (4,380)	388,357 (4,322)
Indonesia	221,339 (2,284)	230,299 (2,251)	253,474 (2,335)	274,003 (2,191)	268,942 (2,105)
Singapore	79,450 (3,960)	76,634 (3,669)	78,315 (3,530)	83,246 (3,344)	77,508 (3,145)
Philippines	121,113 (1,188)	134,913 (1,261)	147,083 (1,235)	140,400 (1,315)	160,011 (1,231)
Vietnam	19,747 (323)	24,687 (329)	34,009 (348)	38,690 (339)	46,465 (359)

Source : *Toyokeizai Shinpo Sha*.

Note : () stands for Japanese employees dispatched from Japan.

policies in East Asian region.

We should be careful that the intra-corporate transferees are costly and they should be combined with business travelers who are sometimes specialists, engineers and managers. The relationship between business travelers and intra-corporate transfer can be complementary or substitutable. Multinationals try to localize managers and engineers in affiliated companies while needs for technology transfer leads to growing number of intra-corporate transferees. It depends on competitive situation of the affiliated company and also on cultural and organizational circumstances.

On this issue, there has been discussions undertaken by researchers (Findley, 1993;

Salt, 1996; Iguchi, 1997)

The author tried to ascertain characteristics of intra-company transferees in East Asia. Therefore, the statistics on flows and stocks of intra-corporate transferees should have to be analyzed in relation to business travelers, according to the regions. The following is the result of econometric analysis on intra-corporate transferees from Japan to three regions of the world.

Table 6. Determinants of Corporate Transfer and Relation to Business Traveler

	Intra-regional movement		To Europe		To North America	
	Coefficient	T-value	Coefficient	T-value	Coefficient	T-value
FDI flows	0.03139	0.344	0.03687	5.100***	-198.092	-0.583
Exchange rate	-1.82286	-1.843*	- 1.4990	-0.813	-0.05946	-4.494***
Employees in affiliates	- 0.005094	-5.830***	0.002806	1.938*	- 0.003610	-1.979**
Transferees in affiliates	0.007677	9.631***				
Business travelers	0.973	17.025***	0.009672	6.530***	0.01812	10.912***
Constant	-300.875	-1.663	-1.550	-0.700	-198.092	-0.583
Adjusted R	0.851		0.977		0.989	
D.W.	0.946		1.974		1.150	
Sample	100		50		30	

Source : By the author using the pool of Japanese statistics from 1991 to 2000.

Note : * is statistically significant with 10% level, ** is 5% level and *** is 1% level.

As explanatory valuables, the author chose FDI inflows to the region (based upon statistics by Ministry of Finance), exchange rate (foreign currencies in relation to Yen) , number of employees in affiliated companies abroad, number of transferees already present in the affiliated companies and number of business travelers(Table 5).

The table gives us information on the recent characteristics of intra-regional movement of intra-corporate transferees in Japanese multinationals. Especially important is the relationship of intra-corporate transferees to the employees in the

affiliated companies. Before 1997, as the monetary crisis occurred in Thailand, there was positive correlation between the number of intra-company transferees and that of employees in the affiliated companies in Asia(Iguchi, 1997).

Therefore, it should be clearly said that number of intra-company transferees does not always grow in Asia, but they will be reallocated to the other affiliated companies within the same region or to the other regions.

It is also interesting that those intra-company transferees who has good experience in managing local commercial presence in Asia or North America are also dispatched to Europe, where the European Union is about to enlarge itself to additional 10 member countries in Central and East Europe(Iguchi, 2000).

The negative correlation between the number of intra-corporate transferees and that of local employees in Europe seemed to have turned to positive relation after 1997.

Another important issue is the factor exchange rate. Evaluation of Yen may lead to more intra-company transfer as it is less costly to finance those people. By the way, the cost of intra-company transfer has been three-times as expensive as normal employees in local companies in Japan or Great Britain in the middle of 1990s, however, this ratio seemed to be squeezed in multinationals(Iguchi, 1997).

The relation with foreign direct investment is difficult to interpret. However, this may stem from the characteristics of the statistics. The statistics on foreign direct investment does not always reflect reinvestment of profits earned in affiliated companies abroad. In Asia and North America, reinvestment plays an important role, while foreign direct investment to Europe in recent years shows growing investment flows from outside. This may also explain the contrasting result between regions.

The relation with business travelers is also surprising. In every region, there are complementary relation between intra-corporate transferees and business travelers, while it was not the case until 1995.

In recent years, multinationals establish R&D centers in developing countries in East Asia. In such cases, there will be also intra-corporate transfer between R&D centers within the same region. This Phenomenon is relatively new and this is of great importance to realize competitive regional economic integration in East Asia.

2. Economic/institutional factors determining different types of migration

Then we should identify determinants of international migration in East Asia by pooling enormous data especially from Japanese immigration statistics and several kinds of data from East Asian countries.

The author tried to find statistical evidence of pull factors, push factors, gaps between sending and receiving countries and some institutional factors. The main question were whether the international movement of persons are determined mainly by economic factors and how these movement is affected by institutional factors.

Therefore, the author tried to analyze the inflow data of Japanese immigration bureau according to status of residence by several push and pull factors, gaps between Japan and East Asian countries and the like. After having made numerous tests, the author have found that only the movement of “Entertainer” and “Tourists” can be well explained by economic factors as follows(Table 6) .

In the case of status of residence “Skilled labor”, “Engineer”, “Humanity and International Service”, there are push and pull factors can be identified. However, only 20% or less of the changes can be explained by such factors.

Therefore, one interpretation is that international migration cannot mainly be explained by economic push and pull factors. There are many kinds of regulations and interventions of administration. In the case of status of residence “Entertainer” and “Tourist”, there are more free rooms for foreigners to behave himself or herself according to economic calculation.

Please remind that intra-corporate transfer is excluded from this analysis. Movement of intra-corporate transferee can be explained mainly by economic factors, as we already saw in the last section.

According to the results, the lower the GDP capita is and/or the higher the unemployment in home country is, the more entertainers (and tourists) come to Japan. However, the interpretation of exchange rate is a little bit difficult. Naturally, for entertainers, evaluation of Yen is more desirable as their income in Japan can be converted to higher amount of foreign currency. In the case of tourists, it is not

understandable that they welcome higher cost of tour in Japan. When these tourists work illegally in Japan, the negative coefficient means higher income and this estimate is totally understandable. But, it is too ironical for us to insist on this interpretation.

Table 6. Determinants of migration from East Asia to Japan

	Entertainer		Tourist	
Per capita GDP in home countries	-107.14	-2.330**	-0.141	-1.403
Unemployment in home country	4362.93	11.000***	4648.345	11.106***
Exchange rate	-4420.43	- 3.021**	-883.131	-3.367**
GDP Growth in host country	3336,652	1.388	4156.376	1.267
Constant	436.293	1.0851	-9240.343	-2.034**
Adjusted R	0.588		0.569	
D.W.	0.511		0.817	
Sample	90		90	

Source : By the author using the pool of statistics from 1991 to 2000.

Note : * is statistically significant with 10% level, ** is 5% level and *** is 1% level.

3. Detailed analysis on movement of natural persons

When we think about push and pull factors, there is an assumption that market mechanism is functioning. However, in the case of foreign trainees and students, it is not possible to think that market mechanism is dominant. In addition, institutional background is very important to understand the phenomenon.

The following is an attempt to identify determinants of foreign trainees' inflow into Japan. The trainees are not homogeneous: 1) acceptance of trainees by companies, 2) organization of small and medium sized companies and 3) governmental/semi-governmental institutions.

Sho Kou (2004) try to identify the factors affecting acceptance of foreign trainees, by combining trade, industrial and immigration statistics.

Table 7. Determinants of trainees inflow from Asia to Japan

	Coefficient	t-value
Import penetration rate	- 68.071	-2.625**
Employees of Japanese affiliated companies in Asia	0.0959	5.0466***
Productivity per employee	-0.0416	-0.5836
Employees within Japan	-0.001	-3.054***
Changes in deflator	92.124	2.8669***
Wage per employee	-5.705	-2.2191**
Constant	-2376.42	-0.5877
Adjusted R	0.422	
	63	

Source : Sho Kou (2004) Mimeo.

Table 8. Determinants of students inflow from China to Japan

	Coefficient	t-value
GDP per capita	2.216	2.758***
Exchange rate	4.455	2.202***
Unemployment in urban area	- 23.356	-0.680
Returned students	0.136	1.677
Dummy of “One Child Policy”	-30.675	-1.811
Adjusted R	0.624	
D.W.	1.403	
Sample	93	

Source : Iguchi and Sho Kou (2003).

According to the result, deflation is suppressing acceptance of trainees, while sectors with lower wage level are more willing to accept them. The growing presence of foreign imported goods may be damaging acceptance of foreign trainees. This kind

of analysis is important to formulate reforms of such programs.(Table 7).

In table 8, the growing students migration from China to Japan has been analyzed both from political views and economic views. The human capital theory has been applied to students. When GDP per capita increases, the parents of students can invest more for education, while returned Chinese gives stimulus to students who have aspirations to study abroad. Whether labor market situation in China or Japan is affecting student mobility is still unknown(Iguchi and Sho Kou 2003). These detailed analyses are very fruitful for implementing reform and establishing regional economic integration.

III. Possibility of Economic Partnership Agreement for East Asian Migration

Based on the results and insights acquired in the last Chapter, the following questions concerning regional economic integration should be answered.

1) Can industrial relocation/rearrangement within the region be facilitated through intra-regional migration? 2) How can East Asian countries cope with global competition for the highly skilled? 3) How can East Asian countries cope with further liberalization of the Mode 4 of GATS? 4) How can East Asian countries regulate and coordinate unskilled and semi-skilled labor migration under the framework of regional integration? 5) Does mutual recognition of qualification facilitates movement of skilled workers? 6) Does social security agreements facilitates labor migration within the region? 7) How can East Asian countries reduce irregular migration in the long run? 8) How can East Asian countries facilitate business travelers and tourists? 9) How can East Asian countries balance between growing security / health concerns and facilitating migration?

By responding to questions, we will be able to consider possibilities to create new schemes for regional economic integration.

1. Can industrial rearrangement be facilitated through migration?

ASEAN Free Trade Area (AFTA) has been already established to promote horizontal division of labor, strengthen competitiveness and encourage inward foreign direct investment. The CEPT scheme under AFTA stipulates that internal tax should be reduced to less than 5% from January 2003 in ASEAN countries with some exceptions for Vietnam, Laos, Myanmar and Cambodia.

Because of tariff reductions, multinational enterprises are now started to rearrange their production networking in ASEAN.

In accompany with rearrangement of production sites, movement of personnel from one country to another should have to be facilitated.

As we observed the movement of intra-corporate transferees, movement of the highly skilled persons are necessary when industrial location should be reallocated within the region.

In addition, workers should have to be trained or transferred from one country to another within the regional integration, so as to adapt themselves to new products and production processes.

It is desirable to prescribe new measures to facilitate movement of trainees and transfer of skilled workers when EPA among ASEAN +three should be established.

2. How can we cope with global competition for the Highly Skilled?

Since the late 1990s, competition for the highly skilled workers, especially those with information and communication technologies and those who are engaged in research and development (R&D) of new technologies has been intensified. The industrialized countries have deregulated entry and stay as well as adjustment of status for highly skilled foreign workers.

According to the ILO studies, more than half of the additional demands for the highly skilled workers were have been recruited from Asia (Findley, 2002).

Therefore, it is of strategic importance for Asian countries to investigate 1) how can we develop human resources within the region and utilize them for development

of Asia itself, 2) how can we encourage those who are studying and working in North America and Europe to return to Asia.

According to the study on highly skilled migration in Asia, important findings are the following: 1) Intra-company transferees are still dominant in highly skilled migration in many Asian countries, while movement of specialist and professionals are small in number. 2) intra-regional movement of researchers may be small in number, probably for the lack of good R&D facilities, 3) the majority of the highly skilled workers with H1-B visa in the United States are of Asian origin, 4) the rate of foreign students are relatively low in Asian countries than in the US and Europe, which are attracting many Asian students, 5) the rate of returned students are still small in many of East Asian countries (From US back to China only 14%) irrespective of the policies to encourage them back home (Iguchi, 2002).

To achieve objectives, comprehensive measures including science and technology, industrial policy and labor market policy should be taken. It is also hoped that Japan should take an initiative to reform student programs or traineeship programs, develop human resources and let them migrate within the region.

3. How can we cope with further liberalization of Mode 4 of GATS?

As the commitment on the movement of natural persons based on GATS are almost limited to corporate transferees, there are requests for further liberalization. Especially movement of natural persons (Mode Four) on a contract basis (like sub-contracting, dispatching etc.) has been gathering attention.

According to studies, it is almost impossible to grasp present situation of such movement of persons. It also means that controlling or enforcement of regulations are very difficult (Iguchi, 2001).

Theoretically speaking, economic effects of movement of natural persons on a contract basis can be very great, if there are big wage differentials between a host country and a home country. In the case of EU, those employees who are dispatched from low income country to high-income country by a service provider located in the low-income country should have to get the same amount of wages as are paid in high-income country. Otherwise, the effect of providing service on a contract basis

Table 9. Policy Alternatives according to the Types of Highly Skilled

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

Source : By the author.

high-income country. Otherwise, the effect of providing service on a contract basis may be destructive against working conditions as well as employment opportunity in the host country.

Therefore, as a commitment, providing services on a contract basis may be realistic

with limited duration of stay or with addition labor regulations. Even with these limitations, there remain concerns that the government authorities cannot control foreign service suppliers and enforcement of laws and regulations cannot be guaranteed. In addition, we need more transparency in implementing every commitment.

4. How can we regulate and coordinate unskilled labor migration?

There is no country where acceptance of unskilled labor is encouraged. In many countries, unskilled labor migration is strictly controlled.

However, more than half of the accepted foreign workers are engaged in unskilled jobs in Japan, Korea and Thailand. The stock figure in Hong Kong China only stands for foreign maids and that in Chinese Taipei production workers, construction workers and care-givers. In Singapore, unskilled or low skilled workers are subject to maximum rate of employment in enterprises. In Malaysia, illegal foreign workers

Table 10. Number of Foreign Workers in East Asia

(in Thousand)

	1996	1997	1998	1999	2000	2001
Japan	610.0	630.0	660.0	670.0	710.0	740.0
Korea	210.5	245.4	157.7	217.4	285.5	330.2
China	80.0	82.0	83.0	85.0	-	60.0
Hong Kong China	164.3	171.0	180.6	193.7	213.1	235.2
Chinese Taipei	-	245.7	255.6	278.9	320.8	293.9
Singapore	-	-	-	530.0	612.2	590.0
Malaysia	745.2	1471.6	1127.7	818.7	799.7	805.6
Thailand	1033.9	1125.8	1103.5	1089.7	1102.0	1055.3
Indonesia	48.7	35.2	33.3	21.3	14.8	20.0
Philippines	4.3	6.1	5.3	6.0	5.6	6.1

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

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

are expelled, many of them come back again as legal foreign workers and are working in manufacturing, construction and plantation(Table 9).

The acceptance of unskilled workers are normally based upon relationship with specific countries. It seems almost impossible to generalize such acceptance as commitment on movement of natural persons on MFN basis.

The Economic Partnership Agreement should have to allow member countries to conclude specific labor agreements with a specific country on acceptance of unskilled labor. However, it is not excluded that these agreements may affect competitive conditions of such a country.

5. Does mutual recognition of qualification facilitate movement of skilled workers?

In WTO, mutual recognition of qualifications related to professional services has been a very important topic. Especially realistic is the mutual recognition of public accountant.

However, **we cannot generally say that mutual recognition of qualification of skilled workers may facilitate movement of those workers.** Important thing is whether the qualification is essential for the professional activity and whether the qualification is widely used in the industry.

In the case of European Union, information on the curriculum of occupational qualifications are provided. But, it is employers that evaluate the occupational skill, linguistic skill and knowledge of the certain foreign workers.

Mutual recognition of qualification may be very important, when recognized qualification is acknowledged by immigration regulations. In fact, such cases are very limited in number.

6. Do social security agreements facilitate movement of workers?

Social security agreement can facilitate cross-border movement of workers, especially when the eligibility of old-age pension can be guaranteed with relatively short duration of stay in each country. The workers would be willing to go abroad

when there are no anxieties after retirement.

Avoiding double imposition of social security contributions are also beneficial for foreign companies, when they dispatch their staffs from home country to host country. This may directly affect competitive conditions of foreign enterprises invested in foreign countries.

Therefore, social security agreements should be an integral part of economic integration. It is recommendable for the Economic Partnership Agreement to incorporate general social security provisions. Precise provisions should be prescribed in another diplomatic arrangements.

7. How can we reduce irregular movement of unskilled Labor in the long-run?

In recent years, economic development in East Asia is accompanied by large geographical discrepancies. Even within Thailand, the Philippines or China, the income gap between high-income regions and low income regions are more than ten to one (see Table 1 again).

Irregular migration takes place very often when they are induced by large income gaps. In almost every case, intermediaries are collecting high commissions, and the workers should have to pay for them through illegal working in host countries.

Alleviation of illegal working seems to be made through crack down of intermediaries and indictment of workers. However, it cannot reduce potentials of irregular movement of unskilled workers. Excess labor problems cannot be solved by crack-downs either.

Therefore, it is desirable to take more effective measures to reduce incentives to emigrate irregularly. Such a policy is indispensable too, for maintaining regional economic integration.

8. How can we facilitate movement of business travelers?

Although the movement of business travelers has been facilitated , requirements of visa still remains an obstacle of movement of such people. Therefore, Australia

proposed introduction of APEC Business Travel Card (ABTC) which is valid for three years.

This scheme has been in operation for eight economies and six economies are preparing. Therefore, the Economic Partnership Agreement may be able to recognize ABTC as an instrument to facilitate movement of business travelers.

9. How can we balance between security /health concerns and facilitating migration?

After the terrorist attack on 11. September 2001 in the US, security concerns have been growing and additional procedures are implemented. In addition, the New Pneumonia, called as SARS, gives challenges for movement of natural persons across the borders.

There should be more advanced technologies which may balance between additional burdens for checking security and health and facilitation of movement of people. More innovation is required for the Economic Partnership Agreement to be effective enough to realize more exchange of people.

IV. Concluding Remarks

Human resources development and movement of natural persons are an essential element for the Economic partnership Agreement among ASEAN+3. The agreement should cover the other elements than Free Trade Agreement.

In East Asia, networking of multinational enterprises should have to be reorganized because of regional economic integration. The movement of persons, especially those of intra-corporate transferees, trainees and business travelers should be facilitated multilaterally within the East Asian economic integration. Transfer of technology especially relocation of R&D functions to developing countries should be supported by economic integration. Encouraging the highly skilled from North America and

Europe would be more successful than at present, when the East Asian economic integration is realized.

In addition to that, the East Asian economic integration should pay more attention to skilled workers and unskilled/semiskilled workers. Before accepting skilled workers, it is important to promote human resource development within the region. Without doing so, the level of human resources will not be improved.

Although Free Trade Agreement or Economic Partnership Agreement should guarantee equal treatment for all nationals within the region, the author would like to propose that bilateral labor agreement to facilitate movement of skilled and semi-skilled workers should be allowed within the region, because mobility of skilled and semi-skilled workers is almost impossible to liberalize. With large economic discrepancies, bilateral labor agreement should be institutionalized and minimum requirements should be guaranteed to protect workers who move within the region. In addition to that, social security agreement should be concluded to realize common standard of East Asian integration.

Coming back to the reason why we need regional economic integration, the currency instability should have to be overcome. This may lead to narrowing income gaps within the region and to reduction of sending pressures within the region.

In addition to currency stability, East Asia should realize more autonomous economic growth without too much reliance upon American market as well as more effective regional innovation system. Human resource development and the movement of the highly skilled should be the common platform for East Asian integration.

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abstract

역내 이주의 결정요인과 동아시아 경제파트너십 협정의 효과

Yasushi Iguchi

본 연구는 동아시아 지역내 이주를 결정하는 요인이 무엇인지 파악하기 위해 일본 및 동아시아 국가들의 이주 관련 통계를 살펴보았다. 그 결과는 다음과 같다. 1) 고속련 근로자의 지역내 이주 중 가장 큰 부분을 차지하는 기업내 전근자들의 수는 1990년 이래 그다지 증가하지는 않았지만 지역내 및 지역간 분포에서 변화를 보이는 것으로 나타났다. 2) 여행자 및 엔터테이너(entertainers)를 제외한 나머지 사람들의 이동은 순수 경제적 요인만으로는 설명할 수는 없다. 3) 학생들의 이주는 주로 자국의 소득수준 향상 정도에 연동되는 반면, 연수생 이주는 자국의 저임금 부문과 연관이 있는 것으로 나타났다.

따라서 “ASEAN+3” 경제파트너십협정은 1) 기업내 이동을 용이하게 하고 지역내 네트워크를 강화하며, 2) 동아시아 지역 밖의 고속련자들의 회귀이주(return migration)를 장려하는 한편 지역내 인력자원개발을 강화하며, 3) 저숙련 근로자들을 보호하기 위한 양자협정을 장려해야 할 것이다. 혁신(innovation)을 장려하고 지역내 소득격차를 줄이는 것은 국제이주로 인한 문제를 해결하는 장기적인 방법이 될 수 있을 것이다.

핵심 용어: 경제파트너십협정(EPA), 고속련, 기업내 전근자, 학생이주, 역두뇌유출(reverse brain-drain), R&D 센터, 양자노동협정, 비정규 이주(irregular migration).