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THE MIGRATION OF LABOR BETWEEN TAIWAN AND SOUTHEAST ASIA: CHANGING POLICIES

By Ji-Ping Lin

Taiwan has been subject to the changing global circumstances and geopolitics in the Far East at different stages of its development. In the past three decades, it has experienced many salient transitions, including in the political, economic, social, and cultural dimensions. One crucial outcome is that since 1990 Taiwan's economy has been increasingly hampered by rising shortages of domestic labor and declining wage levels. Parallel to the country's political liberalization, other significant trends have been economic globalization, as well as the country's development toward a pluralistic society and the formation of a dualistic domestic labor market.

These developments eventually led to a dramatic change in policy—the reopening of Taiwan's domestic labor market to the international labor market. Serving as a milestone of the country's reopening to the world system, this policy change made international migration, particularly the immigration of low-skilled foreign laborers from the Association of Southeast Asian Nations (ASEAN) countries, grow in importance.¹ Another noteworthy outcome associated with the aforementioned transitions is the declining rate of population growth since the early 1990s. Because increasing the population size through a higher birth rate requires decades, changes in international migration policy, including immigration, are the only way to expand the population base in a short period. Not only must the demand for manpower be taken into consideration, but international migration policy also considers the role of immigration in affecting population growth.

This brief focuses on migration between Southeast Asia and Taiwan. It explores the traditional and nontraditional dimensions of Taiwan's strategic linkages with the region and highlights the important features of labor migration between Taiwan and Southeast Asia and possible changes in international migration policy.

¹ Ching-Lung Tsay and Ji-Ping Lin, "Labor Importation and Unemployment of Local Workers in Taiwan," *Asian and Pacific Migration Journal* 10, no. 3–4 (2001): 505–34.

The Legacy of Migration Dynamics

Migration has both created and responded to developments within Taiwan, demographically as well as socioeconomically. Located off the southeast coast of China and between Japan and the Philippines, Taiwan has been subject to the influence of changing global circumstances. Much like the United States, the island has a long tradition of immigration that has fueled its development. From the seventeenth century to the 1940s, the development of Taiwan was largely shaped both directly and indirectly by the colonial Dutch government and the empires of China and Japan. Though Taiwan was mostly closed off from the rest of the world socially and economically while under Japanese jurisdiction from 1895 to 1945, the country has experienced a new surge of immigration from Southeast Asian countries since the early 1990s.

With the re-emergence of international migration as an important factor influencing the political, socioeconomic, employment, and cultural landscape of Taiwan, the country's traditional emphasis on emigration policy—e.g., policies to prevent brain drain—has shifted to immigration policy. Its new priorities are attracting immigrants with high human capital and combatting illegal low-skilled immigration.²

THE IMPACT OF FOREIGN LABOR ON THE DOMESTIC LABOR MARKET BEFORE 2010

Taiwan officially opened up its domestic labor market to low-skilled immigrants in 1992. By 2010, the number of low-skilled foreign laborers in Taiwan had risen to around 350,000. Because immigrant workers from Southeast Asia are plentiful and contribute to various developments in Taiwan, they

are too important to be ignored and have triggered the Tsai Ing-wen government's New Southbound Policy. In terms of nationality, these immigrants mostly arrived from Indonesia, the Philippines, and Thailand before 2000. Since 2001, however, Vietnam has become a new source of immigrant workers.³ In 2000, for example, 23.8% of immigrant workers came from Indonesia, 30.1% from the Philippines, and 43.7% from Thailand, whereas only 2.4% came from Vietnam. In 2011, the corresponding share was 41.2% for Indonesia, 19.5% for the Philippines, 16.9% for Thailand, and 22.5% for Vietnam.

It is worth stressing the history of confrontation between blue collar labor in Taiwan and foreign labor from countries in ASEAN before 2010. A drastic change of internal migration patterns within Taiwan in the 1990s facilitated the influx of immigrants from Southeast Asia. Mainly because of regional economic restructuring and economic globalization in the late 1980s and early 1990s, Taiwan experienced a transition from a long-standing net transfer of native labor into both the northern and southern regions of the island to a unidirectional net transfer into northern metropolitan areas.⁴

Given that these areas served as the main destination for both internal migrants and foreign laborers, it was not surprising to see anti-immigration sentiments from native blue collar workers. Research suggests that the immigration of low-skilled foreign laborers had a dramatic impact on employment levels in Taiwan's domestic labor

² Ji-Ping Lin, "Tradition and Progress: Taiwan's Evolving Migration Reality," Migration Policy Institute, Migration Information Source, January 24, 2012.

³ Pan-Long Tsai and Ching-Lung Tsay, "Foreign Direct Investment and International Labour Migration in Economic Development: Indonesia, Malaysia, Philippines and Thailand," in *International Migration in Southeast Asia*, ed. Aris Ananta and Evi Nurvidya Arifin (Singapore: Institute of Southeast Asian Studies, 2004), 94–136.

⁴ Ji-Ping Lin and Kao-Lee Liaw, "Labor Migrations in Taiwan: Characterization and Interpretation Based on the Data of the 1990 Census," *Environment and Planning A: Economy and Space* 32, no. 9 (2000): 1689–709.

market.⁵ Yet the observed “flight” of native workers from areas with a high concentration of immigrants was not mainly triggered by immigration; instead, it was primarily the result of the impact of immigration on in-migration, which outweighed the corresponding negative impact in terms of the out-migration of native labor.⁶

CONTEMPORARY LABOR MIGRATION BETWEEN TAIWAN AND SOUTHEAST ASIAN COUNTRIES

Despite anti-immigration sentiments among blue collar workers before 2005, foreign laborers from Southeast Asian countries continue to grow in number, rising from approximately 300,000 in 2001 to 660,000 in 2017. The main countries of origin are Indonesia, the Philippines, Thailand, and Vietnam. In terms of specific sectors, a substantial decline of foreign laborers from Thailand (61,000) has been observed in the industrial sector, while there have been salient increases of laborers from Vietnam (175,000) and the Philippines (115,000), mainly in the fishing and traditional manufacturing industries. Foreign contract labor in the service sector is largely dominated by workers from Indonesia (189,000), who are mostly employed as domestic servants and nurses, but a significant number of workers also come from the Philippines (31,000) and Vietnam (27,000).⁷ Finally, it is worth highlighting that the volume of foreign laborers in the fishing industry has grown from only 3,000 in 2001 to 12,000 in 2017. If overseas

employment by Taiwanese fishing companies is taken into account, the total number of foreign workers increases to about 25,000.⁸

Factors contributing to the continuing growth of foreign labor from Southeast Asian countries are complex. One important factor that has long been overlooked is the effect of the decree of the Labor Contract Law in China in 2008. Because this law increases production costs in China substantially, Taiwan’s investment of capital and human resource has partly been redirected to Southeast Asian countries. One outcome of this trend is growing linkages between Taiwan and Southeast Asia in terms of the flow of both capital and human resources.⁹

PUBLIC ATTITUDES TOWARD FOREIGN LABOR AND TAIWAN’S CHANGING INTERNATIONAL MIGRATION POLICY

In terms of immigration policy, the government seeks to change regulations to encourage immigration of talent into Taiwan. In response to the island’s declining population base, it may consider offering permanent residency to low-skilled contract foreign workers who have stayed in Taiwan for a long time (e.g., at least fifteen years). Granting permanent residency would not only promote integration but also intensify various ties with Southeast Asia. In terms of emigration policy, the government seeks to discourage out-migration of youth by removing barriers to social mobility and improving working conditions.

The new immigration policy is controversial. One of the main issues of debate is whether Taiwan should offer permanent residency and citizenship

⁵ Ji-Ping Lin, “Are Native ‘Flights’ from Immigration ‘Port of Entry’ Pushed by Immigrants? Evidence from Taiwan,” in *Immigrant Adaptation in Multiethnic Cities: Canada, Taiwan, and the United States*, ed. Eric Fong, Lan-Hung Nora Chiang, and Nancy Denton (London: Routledge, 2013), 64–108.

⁶ Lin, “Are Native ‘Flights’ from Immigration ‘Port of Entry’ Pushed by Immigrants?”

⁷ “Foreign Workers in Productive Industries and Social Welfare by Various Type,” Ministry of Labor (Taiwan), available at <http://statdb.mol.gov.tw/html/mon/212010.htm>.

⁸ “Foreign Workers in Productive Industries and Social Welfare by Various Type.”

⁹ Ji-Ping Lin, “Cross-Strait and Internal Migration: Key Factors for Traditional Regional Formation,” in *The Second Great Transformation: Taiwanese Industrialization in the 1980s–2000s*, ed. Reginald Yin-Wang Kwok (Taipei: Chengchi University Press, 2011), 81–121.

to senior low-skilled foreign contract workers from Southeast Asian countries. In addition to traditional employment issues, the debate encompasses social, cultural, and human rights issues. Given that Taiwan is now more socially and culturally pluralistic, ordinary people generally have become tolerant of those who were not acceptable two decades ago, like the LGBT movement. Thus, the ordinary citizen would likely accept policies offering permanent residency and citizenship to senior low-skilled foreign workers. The government has changed many regulations on foreign labor to improve working conditions and emphasize human rights—for example, by allowing foreign laborers to enroll in the national health insurance and national pension systems.

Factors accounting for the aforementioned changes, as well as possible future changes, are as follows:

- *Foreign laborers' shifting identification from their homeland to Taiwan.* Because the length of time that Taiwan's domestic labor market has been open to foreign labor is now around three decades, it is not surprising to see that many foreign laborers who have been working in Taiwan for a long time have shifted their identity or reference group from their homeland to Taiwan.¹⁰ As a result, foreign laborers increasingly call for (1) permanent residency and citizenship, (2) working conditions that are the same as those of native laborers, (3) the right to job mobility and thus to internal migration within Taiwan, (4) the right of family reunion, and (5) the right to enroll in the national health insurance and pension systems.

- *The changing attitudes of ordinary citizens of Taiwan toward foreign labor.* Contemporary Taiwanese society and culture are highly diverse and pluralistic. Ordinary people, particularly the younger generation, have changed their attitudes about foreign labor. These changes in attitudes include (1) perceiving foreign workers as companions rather than competitors, (2) expressing appreciation rather than hostility for their contributions, and (3) acknowledging the value of low-skilled human capital.
- *The government's changing international migration policy.* The Democratic Progressive Party's landslide victory in the 2016 presidential election and the public's eagerness for change are important factors in the reform of Taiwan's migration policy. Concrete reasons accounting for potential policy changes include (1) the consideration of risk aversion and diversification in terms of foreign investments, (2) a desire to strengthen various linkages with Southeast Asian countries in the absence of formal diplomatic relationships, and (3) the need to mitigate the negative effect of labor shortages due to persistently low fertility levels.

The main reason that has triggered the Taiwan government to consider changing its international migration policy is declining population growth. The country's rate of population growth began declining in the early 1990s. It is now projected that Taiwan's total population size will start declining in a few years, and that this trend will accelerate over the next two decades.¹¹ Factors accounting for population decline in the near future are as follows: (1) low fertility rates,

¹⁰ Oded Stark, *The Migration of Labor* (Cambridge: Blackwell, 1991).

¹¹ National Development Council (Taiwan), https://www.ndc.gov.tw/Content_List.aspx?n=84223C65B6F94D72.

(2) growing emigration of the native-born population, and (3) stagnation in the immigration population. Because it would take decades to reverse these trends by increasing the birth rate, changes in international migration policy, including immigration, are needed in the short term. Serving as the most important source of foreign labor, immigration from Southeast Asian countries should thus be a priority of Taiwan's international migration and foreign investment policies. ∞

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