

Case Study by Economy
Northeast Asia

Chinese Taipei

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Revised Paper

After

*PECC-ABAC Conference on “Demographic Change and International Labor Mobility in the
Asia Pacific Region: Implications for Business and Cooperation”
in Seoul, Korea on March 25-26, 2008*

The Management Mechanism of Hiring Foreign Workers in Chinese Taipei

1. Introduction

The number of foreign workers has become significant in Chinese Taipei over the past two decades. Their increasing number results from labor shortage, changing demographic characteristics and constant lobby of stakeholders (particularly employers). They are usually regarded as contributing positively to alleviate labor shortage, promote production and consumption and enrich multi-culture environment in domestic market. Occasionally, some will concern whether enterprises may depend too much on hiring foreign workers rather than training nationals, ascribe increasing unemployment rate to too many foreign workers hired and worry about the threat of misconduct and misdemeanor of foreign workers from the reports of mass media. All of these imply that the management mechanism of hiring foreign workers is important in order to result in larger positive benefits and smaller negative impacts.

In fact, skilled foreign workers began to come to work in Chinese Taipei in concomitant with foreign direct investment (FDI) in the 1950s. Their number has grown significantly under globalization, particularly after Chinese Taipei processed to join the World Trade Organization (WTO) in the 1990s and eventually became a member of the WTO in 2002. For example, there were 8,463 skilled foreign workers in 1991(Bureau of Police Administration 2004) and 27,811 skilled foreign workers in the end of April 2008 (Council of Laobr Affairs 2008).

In the end of April 2008, 27,811 skilled foreign workers were composed of 14,798 specialized or technical workers, 6,001 full-time teachers teaching courses on foreign language at a short-term class registered for supplementary schooling (cram shool), 2,569 school teachers, 1,510 religious, artistic and show business workers, 1,438 execute bonders, 1,436 directors of business invested in or set up by overseas Chinese or foreigners and 59 sport coaches and athletes. The majority of them were male (22,664 persons, 81.49%). In terms of source economies, Japan (7,807) was the first, the U.S. the second (4,801), Canada the third (2,485) and Malaysia the fourth (1,609). (Council of Laobr Affairs 2008)

As for low-skilled foreign worker, undocumented low-skilled foreign workers started to present in Chinese Taipei in the late 1980s when there were labor shortage due to a substantial appreciation of local currency (New Taiwan Dollars), soaring stock index and change of nationals' work attitude (including retreating from labor market). At the same period, the phenonenon of foreign spouses (primaryily brides) began to prevail as well. Due to lobby pressure from the employers, the major public construction projects has been allowed to hire low-skilled foreign workers in a

case by case basis starting from 1989, the manufacturing industry has been allowed to hire low-skilled foreign workers under specific qualifications since 1991 and foreign homemakers and nursing workers have been allowed since 1992.

The number of low-skilled foreign workers has increased rapidly. For example, there were 15,924 persons in 1992, 97,565 in 1993, 236,555 persons in 1996, 357,937 persons in 2007 and 367,119 persons in April 2008. The composition of source economies for low-skilled foreign workers in April 2008 was the following: 123,524 Indonesians, 86,059 Thais, 85,296 Philippines, 72,216 Vietnamese, 13 Mongolians and 11 Malaysians. The composition of gender reveals a significant increase of female proportion: there were 199,061 male and 71,559(26.44%) female in Dec. 1998, while there were 142,102 male and 225,017(61.29%) female. (Council of Labor Affairs 2008) These imply that there has been a high demand for low-skilled foreign workers in Chinese Taipei, a close relationship among Asia-Pacific Economic Cooperation (APEC) member economies and female have become dominated among low-skilled foreign workers.

In the end of the 1980s, the government in Chinese Taipei began to consider providing a clarified policy on managing temporary migration. Eventually, the Employment Services Act (ESA) was enacted in 1992 to regulate the hiring of temporary migration including both low-skilled and skilled foreign workers (and other matters). Specifically, review authority, features of Employment Permit, qualifications of employers, qualifications of foreigners and supplemental practices are stipulated. The ESA intends to bring in as much as positive benefits (such as industrial upgradation and economic development) and suffer as little as negative impacts (such as substituting nationals' employment, social order and general health conditions) in hiring foreign workers.

Over the past two decade, the management mechanism of hiring foreign workers has been amended frequently and significantly. For example, the Council of Labor Affairs (abbreviated as CLA) has become one-stop authority to review applications of Employment Permit, extension of Employment Permit has loosen, qualifications of employers have been amended several times, qualifications of foreigners have been relaxed, the number of foreign workers have increased over time and every effort has been worked on suppressing intermediary fees of low-skilled foreign workers, protecting foreign workers' rights and assisting foreign workers' life adaptation. In sum, the management mechanism has evolved a lot in order to accommodate the rapid change of economic and social environment. Yet the demand for international cooperation becomes more imminent for a better management mechanism in order to achieve a win-win result.

This article intends to review the demographic characteristics that have promoted significantly hiring phenomena of foreign workers in section 2, discuss various aspects on managing the hiring of foreign workers in section 3, elaborate some key issues and concern in section 4 and provide recommendation for international cooperation in section 5. The results show that economic growth and demographic features of declining labor force participation rate, ageing society, lower fertility rate and changing preference of jobs promote labor shortage, and then, with constant lobby pressure from employers, promote hiring of foreign workers.

2. Influence of Demographic Characteristics

This section describes the phenomenon of labor shortage and analyzes possible reasons of labor shortage from some demographic characteristics.

2.1 Labor Shortage

The most important factor influencing the adoption of an open-up policy with respect to foreign workers, particularly low-skilled foreign workers, is labor shortage. An indicator of labor shortage is vacancy rate. In the later half of 1991, the vacancy rate was 7.32% for the manufacturing industry while that was 2.96% for the construction industry (see Table 2.1).

Table 2.1 Vacancy Rate of Selected Industries

Unit: %

| Year | Manufacturing | Construction | Tertiary Sector |
|--------------------|---------------|--------------|-----------------|
| Later Half of 1991 | 7.32 | 2.96 | |
| First Half of 1995 | 4.56 | 2.78 | |
| Later Half of 1995 | 4.15 | 2.90 | |
| May 2005 | 4.36 | 3.07 | 2.83 |
| August 2007 | 3.06 | 2.89 | 2.06 |

Sources: DGBAS, *Annals of Wages/Salary and Productivity*, various years; DGBAS, *Survey Report of Manpower Utilization in Enterprises*, various years.

The operational environment in the construction industry has always been arduous because workers have to work outside under hot weather and catch up with the pace of project stages. Most construction workers are family group or closed network. In the process of economic growth, fewer people enter into this field and results in labor shortage. The construction industry did not reveal a significant

severe vacancy rate, but the major public construction projects obtained an approval under case by case status to hire low-skilled foreign workers starting from 1989 and then grabbed a maximum quota of 30% of their constant demand for low-skilled positions. The primary reason the major construction projects got such approval was high mobility rate of low-skilled nationals such that the major construction projects might be delayed due to labor shortage. However, the construction companies did not need the maximum quota of low-skilled foreign workers all through the construction projects. Their hiring of low-skilled foreign workers up to the maximum quota had squeezed nationals' employment opportunities. So the major construction projects were prohibited from hiring extra low-skilled foreign workers in May 2001 beyond the quota they got at that year. Such prohibition was lifted in June 2006 due to some new major public construction projects had under way.

The manufacturing industry reveals a more severe vacancy rate and mobility rate in 3D jobs because nationals do not prefer to take those jobs when the tertiary sector has developed and provides many positions for employment. It has been argued why these employers cannot raise wages to attract nationals or adopt automative equipment to substitute for manpower¹. Employers replied with the tense of global competition and inefficient scale economy of small amount of production. Hence 3D jobs in the manufacturing industry got their priority to hire low-skilled foreign workers. Later on, other operational positions have similar problem, so the approval to hire low-skilled foreign workers expands.

With more low-skilled foreign workers had been hired, the vacancy rate in the manufacturing industry declined to 3.06% in August 2007, while that of the construction industry only declined to 2.89% in August 2007 (see Table 2.1). It implies that hiring low-skilled foreign workers does alleviate phenomenon of labor shortage, especially for the manufacturing industry.

As wages increase in general, the tertiary sector encounters labor shortage as well. But it is not allowed to hire low-skilled foreign worker except the social, personal & related community service. Low-skilled foreign workers hired in the social, personal & related community service are intending to take care of elderly and disabled persons. Such policy intends to provide social welfare for related families by allowing them to hire low-skilled foreign workers.

As for skilled workers, employers have encountered labor shortage in some skilled positions with economy sustaining grows. For example, globalized enterprises need to bring in new skill by hiring foreign managers. And to expand overseas markets needs some foreign marketing personnel to handle it. So they have

¹ Japan did not allow hiring foreign workers when it encountered labor shortage in the 1980s, instead, it adopted robots to alleviate labor shortage (Iguchi 2008).

strengthened their efforts to hire skilled foreign workers.

In fact, according to the projection of the Council for Economic Planning and Development (CEPD), there are labor shortages for low-skilled and highly skilled workers over the period of 2005-2015 (see Table 2.2). Thus it is expected that dual labor shortages of low-skilled and highly skilled workers will lead hiring foreign workers to prevail in the future.

Table 2.2 Differentials between Labor Supply and Labor Demand

Unit: thousand persons

| Level of Skilled | Average over 2005-2008 | Average over 2009-2015 | Average over 2005-2015 |
|------------------|---------------------------|---------------------------|---------------------------|
| Highly Skilled | -50 | -41 | -45 |
| Skilled | 11 | 0 | 4 |
| Low-Skilled | -318 | -355 | -330 |
| Total | -357 | -376 | -371 |

‘+’ implies labor supply is more than labor demand while ‘-’ implies labor demand is more than labor supply.

Sources: CEPD (2005), *Second Period of Manpower Development Plan in the New Century*.

2.2 Reasons of Labor Shortage

The phenomenon of labor shortage results from features of labor supply and labor demand.

(a) features of labor supply

Changing features of labor supply include changing labor market participation behavior. For example, though the grand total of labor force has been increasing over time, the labor force participation rate had declined from 59.24% in 1990 to 57.68% in 2000 (see Table 2.3). The labor force participation rate has become increasing from 2000, but the figure is still lower than other advanced economies. These imply a slower increase of labor supply. Such declined experience is consistent with increasing GNP per capita (see Table 2.4) which let work force prefer to retire earlier and participate the labor market later². When work force starts to enter labor market with college education, they prefer to search for white-collar³ and skilled positions rather than blue-collar and low-skilled positions.

² In the same period, Chinese Taipei increased colleges rapidly to more than 160 such that high school graduates could easily obtain an admission to pursue for advanced education.

³ Say, positions in the tertiary sector are regarded as white-collar positions.

Table 2.3 Labor Force and Labor Force Participation Rate

Unit: persons, %

| Year | Grand Total of Labor Force | Labor Force Participation Rate |
|------------|----------------------------|--------------------------------|
| 1990 | 8,423,000 | 59.24 |
| 1995 | 9,210,000 | 58.71 |
| 2000 | 9,784,000 | 57.68 |
| 2005 | 10,371,000 | 57.78 |
| April 2008 | 10,807,000 | 58.19 |

Sources: DGBAS, *Bulletin of Manpower Statistics*, various years.

Table 2.4 GNP Per Capita

Unit: US\$

| Year | GNP Per Capita |
|---------|----------------|
| 1985 | 3,368 |
| 1990 | 8,325 |
| 1995 | 13,103 |
| 2000 | 14,721 |
| 2005 | 16,113 |
| 2006 | 16,494 |
| 2007 | 17,252 |
| 2008(f) | 19,143 |

‘f’ represents forecast figure.

Sources: DGBAS website.

Additionally, the fertility rate has been decreased over time which contributes to lower labor force growth later. For example, the fertility rate was less than 2 (just 1.72) in 1991, 1.68 in 2000 and 1.115 in 2006 (see Table 2.5). Moreover, the society has become ageing that limits the supply of workers who prefer to take low-skilled jobs. An indicator of ageing society can be detected from the dependent ratio, which is defined as the ratio of population of 65 years old or above/ population of 15-64 years old. That ratio increased from 9.32% in 1990, to 11.13% in 1995, 12.27% in 2000, 13.60% in 2005 and 14.16% in April 2008 (see Table 2.6).

Table 2.5 Fertility Rate

Unit: 1/1,000

| Year | Fertility Rate |
|------|----------------|
| 1991 | 1,720 |
| 1995 | 1,775 |
| 2000 | 1,680 |
| 2005 | 1,115 |
| 2006 | 1,115 |

Sources: DGBAS (2007), *Social Indicators* (2006).

Table 2.6 Population and Dependent Ratio

Unit: persons, %

| Year | Grand Total of Population | Population of 15-64 Years Old | Population of 65 Years Old or Above | Dependent Ratio (=Population of 65 Years Old or Above/ Population of 15-64 Years Old) |
|------------|---------------------------|-------------------------------|-------------------------------------|--|
| 1990 | 20,401,305 | 13,607,309 | 1,268,631 | 9.32 |
| 1995 | 21,357,431 | 14,650,294 | 1,631,054 | 11.13 |
| 2000 | 22,276,672 | 15,652,271 | 1,921,308 | 12.27 |
| 2005 | 22,770,383 | 16,294,530 | 2,216,844 | 13.60 |
| April 2008 | 22,983,236 | 16,686,095 | 2,362,223 | 14.16 |

Sources: DGBAS, *Annals of Wages/Salary and Productivity*, various years; DGBAS, *Survey Report of Manpower Utilization in Enterprises*, various years.

(b) features of labor demand

In the process of economic growth, the demand for skilled workers has increased while the demand for low-skilled workers has decreased. But the supply of local low-skilled workers has decreased more than the decrease of labor demand. And while the supply of local skilled workers has increased, its quantity and quality may not match the demand. Thus the size of labor shortage and the demand for foreign workers has increased.

With respect to recruiting low-skilled workers, the construction industry usually prefers young male workers that can endure arduous environment, work overtime and provide better efficiency. But facing the ageing society and changed preference of

occupations, the employers' choice capability has been limited. Even the construction industry has adopted automative equipments to smooth the construction projects to some extent, it still encounters labor shortage.

For the manufacturing industry, labor-intensive production method has been upgraded to capital-, technology- and knowledge-intensive methods in the process of economic growth. Under such circumstance, the number of low-skilled positions in the manufacturing industry shrinks and the number of skilled positions increases to some extent. However, the capability of upgradation in the traditional manufacturing is limited due to severe competitive environment. And their work environment cannot be improved much and their wages cannot be increased significantly to compete with other industries (such as the grown tertiary sector).

Moreover, when the high-tech (manufacturing) industries have been adopted as strategic industries promoted by the government in Chinese Taipei since the 1980s, they have provided many low-skilled positions (defined as operational personnel) with better pay and better image of organizations (better than the traditional manufacturing industries). Thus labor shortage appears as a problem in the traditional manufacturing first.

As time lapse, employers in the high-tech industry encounter labor shortage as well. The primary reasons are that the high-tech industry does not increase wages of low-skilled positions substantially. Instead, it increases wages of highly skilled positions more in order to attract R&D personnel for sustaining viability. Such human resource management policy, in concomitant with fewer graduates with high school or under education, creates labor shortage in the high-tech industry.

As for hiring skilled workers, the employers have their own standards. They do not hire college graduates as skilled workers simply because they possess a bachelor degree. And some qualified nationals may be attracted to another industry for a better wage offer. So even the grand total of college graduates are larger than the grand total of labor demand, the employers still feel of labor shortage. In recruiting highly skilled foreign workers, the employers encounter the competition of employers from other countries. In recruiting skilled foreign workers who have a bachelor degree, the employers encounter the restrictions of minimum wage requirement (NT\$47,971) and two years of related experience after bachelor degree. Some employers complain that some foreign bachelors do not need to be offered NT\$47,971 to recruit them and some suitable foreign bachelors cannot be attracted after two years of work experience overseas. Hence the employers demand for relaxation on the qualifications of skilled foreign workers in order to alleviate labor shortage of skilled workers.

In sum, the employers usually cannot hire enough stable low-skilled and skilled

workers and they cannot increase the wage offers too much, so they encounter persistent labor shortage and resort to foreign workers by lobby on related policies⁴.

3. Managing the Hiring of Foreign Workers

Due to high density of population, the government in Chinese Taipei adopts a policy of temporary migration in hiring foreign workers. There have been just a few non-marriage migrants in Chinese Taipei over the past decade. Aspects of review authority, features of Employment Permit, qualifications of employers, qualifications of foreigners and supplemental practices are discussed in this section.

3.1 Review Authority

The CLA is the sole review authority of hiring foreign workers currently⁵. This offers one-stop service of submitting application, provides uniform criteria standards in reviewing Employment Permit applications, shortens administration days of applications review and cares more for the impact on nationals' employment opportunities.

Yet when some enterprises cannot get permission to hire their ideal number of foreign workers, they will raise arguments concerning about the expertise of the CLA on reviewing proficiency of all occupations, legitimacy of employers' and foreign workers' qualifications and suitability of supplemental practices. Though the CLA has revised related management mechanism constantly, such arguments still prevail.

These debates reflect that the government wishes to attract an optimal quantity of foreign workers and better quality of foreign workers such that business development and nationals' employment can be benefited from hiring foreign workers, but some business persons may disagree on the targets the government set and the strategies the government adopts.

Moreover, the CLA may care too much about possible negative impact of hiring foreign workers on nationals' employment such that approvals may be short of ideal numbers. Comparing with a two-tier system of review authority in the U.S. and Canada⁶, it may be better to have another level of review authority (say, the

⁴ This is consistent with Hugo's (2008) reasons of development, demography and democracy in hiring foreign workers.

⁵ Although the Council of Labor Affairs (CLA) has been the Central Competent Authority from the enactment of the ESA in 1992, the hiring of skilled foreign workers had been managed by various Central Competent Authorities for Business Objectives before January 14, 2004. Starting from January 15, 2004, the CLA has become one-stop service of managing the hiring of both low-skilled and skilled foreign workers to provide convenience of applications.

⁶ In the United States, its Department of Labor adopts a labor market test to judge whether there is a genuine labor shortage (www.immigration.com) and its Immigration and Naturalization Services makes the final decision (Department of Homeland Security Act of 2002). In Canada, any enterprise

Immigration Bureau) to take account of complementary viewpoints.

3.2 Features of Employment Permit

Any foreign worker who wishes to work in Chinese Taipei shall obtain an Employment Permit beforehand. Such Employment Permits usually have to be applied by employer⁷. Therefore, foreign workers shall find their employers before they come to work in Chinese Taipei.

Foreign workers are allowed to be hired for three years maximum for the first term. Low-skilled foreign workers can be extended for two more terms⁸ (up to nine years) but they shall leave Chinese Taipei for at least one day between each term. For skilled foreign workers, their employment can be extended for further terms without limitation and they do not have to leave Chinese Taipei between terms. Additionally, low-skilled foreign workers are not allowed to change employers without approval by the authority⁹ while skilled foreign workers may change employers as they wish.

3.3 Qualifications of Employers

Specific industries, specific occupations and specific status of employers are discussed.

(a) specific industries

The major public construction projects, the manufacturing, the fishery and the social, personal & related community services are allowed to hire low-skilled foreign workers. The major public construction projects are allowed to hire low-skilled foreign workers to timely completed construction projects and lowered costs of construction. The manufacturing industry is allowed to hire low-skilled foreign workers¹⁰ because the manufactural products are tradable goods, if the manufacturing could not hire low-skilled foreign workers, their employers may choose to invest

which intends to hire foreign workers, it should fill out Labor Market Opinion or Arranged Employment Opinion to be reviewed by the Human Resources and Service Development Canada (HRSDC) and finalized by the Citizenship and Immigration Canada (CIC) (www.hrsdc.gc.ca).

⁷ Only persons with permanent residency can apply their Employment Permits without finding their employers first.

⁸ One more term had been allowed starting from 2002 and two more terms had been allowed starting from 2007.

⁹ Low-skilled foreign workers are allowed to change employers if their original employers have shut down business, died, or severe labor disputes arise.

¹⁰ Most companies in SinChu Scientific Industrial Park, various Export Processing Zones and Free-Trade Ports Areas are qualified to hire low-skilled foreign workers. Hence, they may apply under special programs. However, the Southern Taiwan Scientific Industrial Park (STSIP, established in 1997) had been prohibited from hiring low-skilled foreign workers in 1999 when local unemployment rates were high and no enterprises were in operation. Yet as more and more enterprises come into the STSIP and labor shortage prevailed in 2003, some employers organized to lobby for lifting of such prohibition. Eventually, the STSIP has been allowed to hire low-skilled foreign workers since April 2005.

overseas. The fishery industry is allowed to hire foreign crewmen (defined as low-skilled foreign workers in Chinese Taipei) because nationals have been shielded away from crewmen. The social, personal & related community services are allowed to hire low-skilled foreign workers because the demand for nursing services have grown tremendously as the society getting ageing and such policy has been treated as providing social welfare to related families.

Over the past two decades, most of the tertiary industries (excluding the social, personal & related community services) are not allowed to hire low-skilled foreign workers. After fruitless lobbying efforts, many of them hire foreign spouses instead.

In hiring skilled foreign workers, fifteen types of work are listed as qualified, including architecture and civil engineering, transportation, tax and financial service, real estate agency, immigration service, attorney (legal services), technicians, medical and/or health care, environmental protection, cultural, sports and recreation services, academic research, veterinarian, manufacturing, wholesale, and other job descriptions designated by the central competent authorities along with the specific industry authorities at the central government level.

(b) specific occupations

At the onset of hiring low-skilled foreign workers, only 3D (difficult, dirty, dangerous) jobs in the manufacturing and the construction industries were allowed. As time lapse, nursing works and housemaid jobs, which encounter with high mobility rate and severe labor shortage, have been allowed to hire low-skilled foreign workers. Since October 2007, the manufacturing jobs allowed to hire low-skilled foreign workers have been amended completely to be specific production procedures¹¹ and specific timeframe¹². Those jobs designated to hire low-skilled foreign workers cannot be filled with skilled foreign workers¹³.

Skilled occupations related to qualified fifteen types of work may hire skilled foreign workers.

(c) specific status

In hiring low-skilled foreign workers, employers shall meet the qualifications of public construction projects, having specific production procedures and specific timeframe in the manufacturing industry or necessary to take care of disabled persons.

In hiring skilled foreign workers, employers shall meet one of the following four

¹¹ Specific production procedures have been categorized as abnormal temperature operation, dust operation, poisoned gas operation, organic solvent operation, chemical processing, nonautomatic operation and other specific production procedures. It is a reflection of 3D (difficult, dirty, dangerous) jobs.

¹² Specific timeframe has been categorized as within the timeframe from ten o'clock in the evening till six o'clock in the morning, production operation work hours last at least one hour. It is a reflection of the complaint that night shift cannot hire sufficient number of nationals

¹³ Because skilled foreign workers have no quota but low-skilled foreign workers have quota regulation implication.

categories:

- i. a certain amount of capital or revenue

Employers of environmental protection, manufacturing and wholesale works shall meet a certain amount of capital or revenue.

- ii. a certain size of organization

When employers are nongovernment organizations or social entity (social group), they shall meet a certain size of fund, operational expenses or full-time employees.

- iii. limited types of institutions

Employers of medical and/or health care, academic research and sports and recreation services works shall belong to limited types of institutions.

- iv. particular individuals

Attorney (legal services) offices, accounting offices and constructing offices are not legal persons in Chinese Taipei, so when they apply to hire foreign professionals, their bosses as of natural persons shall be employers.

These apply to a wide scope of enterprises. But some enterprises which are not qualified for any qualification may complain of unsuitable restrictions on hiring skilled foreign workers.

3.4 Qualifications of Foreign Workers

Three qualifications (designated source economies, education and work experience and health examination test) are discussed.

- (a) designated source economies

At the beginning of hiring low-skilled foreign workers, the Philippines, Thailand, Indonesia and Malaysia have been designated as source economies of low-skilled foreign workers. Vietnam has been included in 1999 and Mongolian has been included in 2004. China has never been included as a designated source economy due to political and economic consideration.¹⁴ However, many Chinese have been hired as crewmen at sea.

With respect to skilled foreign workers, only China is excluded due to both political and economic reasons. This has been criticized by enterprises because Chinese can be communicated by Mandarin and there are workers with good quality and low salary. Nevertheless some Chinese have been expatriated to Chinese Taipei by multi-national companies (MNCs) and in the names of training and “specific activities”.

- (b) education and work experience

¹⁴ Politically, China is hostile to Chinese Taipei. Economically, substantial amount of Chinese workers may be hired in Chinese Taipei due to similar language (Mandarin). The policy has not been changed yet since President Yingjeou Ma sworn in his office in May 2008

Low-skilled foreign workers do not have any requirement of education¹⁵ or work experience. They can be recruited as long as employers intend to hire them. But skilled foreign workers shall meet one of the following four requirements:

- i. Acquire certificates or operation qualifications through the procedures specified in the Examinations of Specific Profession and Technician Guidelines.
- ii. Acquire credentials of Master degree or above from universities or acquire Bachelor degree and with more than two years working experiences in the specific field.
- iii. Expatriates to Chinese Taipei that have been employed in multi-national companies (MNCs) overseas for more than one year.
- iv. Specialists who have been trained professionally or self-taught in the specific field and have more than five years experiences in related skills and have demonstrated outstanding performances.

Requirement of Bachelor's degree is prevalent in many economies.

Requirement of item iii intends to ease the expatriates of MNCs, while requirement of item iv intends to be applied for skilled foreign workers who possess a high school diploma.

Some employers complain the following: Firstly, the requirement of a Bachelor's degree with two or more years of related work experience after the Bachelor degree is too strict because their offers cannot attract those Bachelors after they have two years of experience. Secondly, the requirement of a high school graduate to demonstrate outstanding performances is difficult to get approval. Thirdly, certification of diplomas in some economies cost a long time. The CLA reacts by exempting more economies from certification of diplomas¹⁶. However, the CLA claims that the requirement of education and work experience shall not be relaxed in order to prevent too many or sub-optimal quality of skilled foreign workers. In fact, incidents of fake Bachelor diploma have been detected occasionally.

(c) health examination test

Low-skilled foreign workers and foreign teachers of skilled foreign workers shall pass their health examination test before they come to work in Chinese Taipei and have their regular health examination test passed every six months after arrival.

3.5 Supplemental Practices

Aspects of minimum payment, social insurances, recruiting nationals in priority, requirement of training nationals, quota, life adaptation assistance, job placement services and the Employment Stabilization Fee are discussed.

¹⁵ Though low-skilled foreign workers are not required to have minimum education, they usually are high school graduates.

¹⁶ For example, India has been exempted from diploma certification since Nov. 8, 2005.

(a) minimum payment

In hiring low-skilled foreign workers, employers are required to pay at least the minimum wage¹⁷ stipulated in the Labor Standards Act. And starting from 1995, the CLA has allowed the expenses of dorms and meals be regarded as part of wages, ranging from NT\$2,500 to 5,000¹⁸. While in hiring skilled foreign workers, employers are required to pay at least the minimum level of salary per month announced by the CLA according to the most recent survey of professionals' average monthly salary (NT\$47,971 per month starting from January 15, 2004)¹⁹.

For low-skilled foreign workers, the differentials between the minimum wage paid by employers and the market wage low-skilled foreign workers can earn in their source economies create potential economic rents which may be taken advantages by intermediary agency and reflected in high intermediary fee²⁰. Intermediary fee usually ranges from NT\$150,000 to 250,000 in practice. The CLA tries to suppress the fee to be NT\$56,000 in every means. For example, the CLA allows NGOs to perform employment services for employers who plan to hire foreign workers by charging 80% of intermediary fee²¹ and promotes ever aggressively the mechanism of direct employment in recent years to skip intermediary such that low-skilled foreign workers and employers may enjoy lower intermediary charge.

Some employers suggest to abolish the minimum wage stipulation or to have a two-tier minimum wage system (a lower one applies to low-skilled foreign workers) in order to share the potential economic rents. The CLA rebuts such proposals by claiming not to discriminate against foreign workers and asking employers to hire foreign workers due to labor shortage rather than due to cheaper wages.

For hiring skilled foreign workers, many employers have complained that the requirement of minimum salary is not necessary because the employers have to pay competitive salary to attract foreign workers, and may be too high because some foreign workers can be hired with lower wages.

(b) social insurances

¹⁷ The minimum wage has been increased to NT\$17,280 per month starting from July 2007, NT\$15,840 before it.

¹⁸ The maximum was 4,000 before the increment of minimum wage from NT\$15,840 to NT\$17,280 in July 2007. However, due to inflation, the actual expenses of dorms and meals may reach NT\$7,000 per month.

¹⁹ A sub-minimum salary of NT\$35,000 (which was NT\$34,000 from July 13, 2005 to Nov. 8, 2005) has applied to foreign assistants of research projects sponsored by the National Science Council in order to accommodate limited budget of government-sponsored researches.

²⁰ Skilled foreign workers usually do not have to pay intermediary fee because they are more capable to migrate.

²¹ But no NGOs perform intermediary services so far, possibly because no employers ask NGOs to provide such services.

All foreign workers²² may join the Labor Insurance and the National Health Insurance, but they are not covered by the Employment Insurance (which provide unemployment benefits) and the Labor Retirement Pension Act (which provide retirement pension when insureds reach 60 years old). The reasons why foreign workers are not covered by the Employment Insurance are because low-skilled foreign workers will never become unemployed in Chinese Taipei (once their employment contract is terminated, either they will go back to their mother homes or the CLA will assist them to find a new employer) and skilled foreign workers usually can find a new job by themselves easily. And the reasons why foreign workers are not covered by the Labor Retirement Pension Act are because they are temporary migrants and are expected to work in limited period in Chinese Taipei and the pension does not paid to persons who stay overseas.

However, some skilled foreign workers may choose to work in Chinese Taipei until their retirement and some low-skilled foreign workers may become permanent immigrants someday. And foreign workers who have accumulated their tenure while working in Chinese Taipei should possess the right to join the retirement pension program. So the Labor Retirement Pension Act had better amended to allow foreign workers possess the right to join the program voluntarily²³ and the retirement pension had better amended to become portable across borders under reciprocal agreements in order to help establish retirement support for foreign workers.

(c) recruiting nationals in priority

Before hiring low-skilled foreign workers, employers are required to recruit nationals with sufficient efforts to show solid evidence of labor shortage. But it is not required in hiring skilled foreign workers. However, recruiting nationals in priority before hiring low-skilled foreign workers is regarded as ineffective because employers have many ways to evade regulations.

(d) requirement of training nationals

In hiring foreign workers, requirement of training nationals at the same time only applies to hiring foreign pilots²⁴. As referred to the ineffective experience of requiring training native nurses in hiring foreign nurses (H-1A visa) over the period of 1989-1995 in the U.S. (Freeman and Aspray 1999), general adoption of such requirement may be ineffective.

(e) quota

²² Nusing workers at home and housemaids can join the Labor Insurance voluntarily (with the consent of their employers) because only work sites with five or more employees are required to join the Labor Insurance compulsorily. Under such circumstances, their employers usually purchase a life insurance for them as a substitute.

²³ Some developing economies (such as India) reject such practice because they treat the insurance premium as a tax (WTOCTS 2000).

²⁴ Foreign pilot is a kind of skilled foreign workers.

There is no quota has been imposed on the number of hired low-skilled and skilled foreign workers in general²⁵. Yet an implicit quota of 30,000 persons of low-skilled foreign workers had been beared in the mind of officials at 1991 in order to avoid potential (negative) impact on nationals' employment opportunities. However, due to strong lobby effort from employers and low unemployment rate²⁶, the implicit quota has been increased to 100,000 persons in 1993 and further to 300,000 persons in 1996.

Low-skilled foreign workers policy in Chinese Taipei had been drastically changed in 2000-2003 and reversing the trend of increasing inflow of foreign workers in the 1990s²⁷. This episode is due to the Democratic Progress Party (DPP) won the Presidential Election and sworn in the central government offices in May 2000 and increasing unemployment rate²⁸. The DPP had vowed to reduce the number of foreign workers in order to preserve nationals' job opportunities during the Presidential Campaign. Yet starting from 2004, the number of foreign workers became increasing again. The implicit quota of low-skilled foreign workers has been increased to 320,000 persons in 2005 and actual number of low-skilled foreign workers hired reached its record peak of 367,119 persons in April 2008.

The composition types of low-skilled foreign workers in April 2008 showed that 194,935 were industrial workers while 167,980 were in the social, personal & related community service. The latter kind of foreign workers has increased rapidly over the past two decades because no quota has been set on it and the society has gotten ageing.

Concerning skilled foreign workers, no implicit quota has ever been set because attracting them is difficult and their hirings have been regarded as providing positive impact on nationals' employment. In terms of persons holding effective Employment Permits, there were 8,463 skilled foreign workers in the end of 1991 (Bureau of Police Administration 2004) and 27,811 skilled foreign workers in the end of April 2008²⁹.

(f) life adaptation assistance

Over the past years, the CLA has offered 24-hours free hot lines with languages

²⁵ The Employment Services Act allows the Council of Labor Affairs to set quotas in hiring foreign workers. But only airline companies hiring foreign pilots are abided by an explicit quota.

²⁶ The unemployment rate was 1.45% in 1993 (the lowest since 1990), 2.60% in 1996, 2.99% in 2000, 4.57% in 2001, 3.91% in 2007 and 3.81% in April 2008.

²⁷ The number of low-skilled foreign workers reached its peak of 326,515 persons in the end of 2000 and declined to 300,150 persons in the end of 2003. But the number increases again since 2004.

²⁸ See footnote 27.

²⁹ As for the number of skilled foreign workers who obtain their Employment Permits within the period is quintuple of the effective number in the end period. For example, there were 142,621 skilled foreign workers obtain their Employment Permits in April 2008 while only 27,811 of them were effective in the end of April 2008 (Council of Labor Affairs 2008).

of English, Thai, Indonesian and Vietnamese and local consultation centers in each city or country. Additionally, the government has relaxed many regulations, for example, applications for credit cards, driver's license and bank loan of real estate, in helping foreigners' adaptation in Chinese Taipei. The government even established a website of Information for Foreigners (<http://iff.npa.gov.tw>) and a 24-hours hot line (0800-024-111) in July 1, 2005 to provide English consultation of living services. Moreover, from time to time, local governments offer opportunities of various recreational activities to low-skilled foreign workers in holidays to ease their life. These assistances have been welcomed by foreigners.

(g) job placement services

Job placement services (intermediary) of hiring foreign workers are performed by Private Employment Services Institutions³⁰. A permit has been required for Private Employment Services Institutions starting from 1992. Such institutions shall hire a certain proportion of licensured personnel. They provide job placement and related services through foreign workers' staying period.

An evaluation mechanism has been adopted since 2004 to guarantee quality of services: There were 120 Private Employment Services Institutions in operation in 1992. The number had increased over time and reached 1,010 institutions in 2007. Their primary business is to intermediate low-skilled foreign workers. In terms of the grand total of low-skilled foreign workers (357,937 in 2007), each Private Employment Services Institution serves for 354 ($=357,927/1,010$) low-skilled foreign workers on average. The scale is not large such that the quality varies among Private Employment Services Institutions. In order to improve the quality of these institutions, the CLA has adopted an evaluation mechanism since 2004 to screen these institutions into three grades (A, B and C) and institutions with grade C will not be allowed to intermediate foreign workers before improvement. Such policy has successfully eliminated substantial amount of disqualified Private Employment Services Institutions³¹ and improve the services of intermediary.

(h) the Employment Stabilization Fee

The Employment Stabilization Fee (ESF) is a kind of tax paid by the employer in hiring foreign workers. The ESF has been established in the Employment Services Act in 1992. The ESF varies according to types of work and ranges from NT\$600 to NT\$10,000 per month³². The collection is used for unemployed nationals' trainings

³⁰ Private Employment Services Institutions provide job placement services primarily for hiring low-skilled foreign workers because skilled workers are mostly recruited by employers directly through internet.

³¹ For example, there were 120 established Private Employment Services Institutions which were all in operation in 1992, while there were 1,834 established Private Employment Services Institutions and only 1,010 institutions were in operation in 2007.

³² For example, NT\$600 per month applies to hire foreign nursing workers at home to take care of

and job placement services and improving quality of foreign workers' work and life (such as 265 inspectors, 24 hours hotline, grievance assistance, recreational activities sponsoring).

In hiring skilled foreign workers, employers do not have to pay any such tax because skilled foreign workers are regarded as providing positive impacts on nationals' employment and industrial upgradation.

4. Key Issues and Concern

Key issues concerned in Chinese Taipei including to achieve a win-win policy, to protect foreign workers' rights, to attract foreign workers, to reduce illegal hirings, to enhance international cooperation and to collect more statistics as discussed in the following:

4.1 Achieve a Win-Win Policy

Inside an economy, the win-win policy in hiring foreign workers applies to stakeholders of employers, employees and related groups. Across the border, the win-win policy in hiring foreign workers applies to stakeholders of source economies and destination economies.

As a destination economy, Chinese Taipei intends to promote economic development, prevent negative impact on nationals' employment and social stability and encourage a better diplomatic relationship with source economies. Hence a suitable management of low-skilled foreign workers with respect to their number and health examination are necessary. For source economies, they intend to alleviate abundant labor supply and bring back trained workers and remittance.

Therefore, how to improve positive benefits and prevent negative impacts for both economies are important. The destination economy shall treat foreign workers fairly well, evaluate the impacts of hiring foreign workers and estimate the maximum number of foreign workers to be accepted. And the source economy shall provide more information (such as related laws and regulation, job placement services, preparation for life adaption and threat of pornographic atticement) to emmigrating workers, survey satisfaction/dissatisfaction of migrants in destination economy and evaluate positive and negative effects of returned migrants. More information can be utilized to adjust related policies and result in improved benefits to both economies.

disabled family members and NT\$10,000 per month applies to hire foreign homemaid by foreigners.

4.2 Protect Foreign Workers' Rights

Foreign workers, particularly low-skilled foreign workers, are vulnerable in obtaining their workers' rights because they may lack of family and social support. Chinese Taipei has managed eagerly to protect foreign workers' rights from various aspects. However, there exists room for improvement. Four issues are discussed in this section.

(a) covered by all labor laws and regulation

Foreign workers are treated as nationals in applying to all labor laws and regulation in Chinese Taipei. They are covered by the Labor Standards Act, the Gender Equality in Employment Act, the Labor Insurance Act, the Employment Services Act, etc.

Yet, the Labor Retirement Pension Act does not allow foreigners to join. This may save foreign workers' contributions to the Pension Fund out of their wages but it may deter the willingness of foreign workers who wish to stay long. By the efforts of international cooperation, such shortcoming may be alleviated.

(b) wages

Foreign workers are protected by the minimum wage regulation and related stipulations of labor standards. However, high intermediary fees charged out of low-skilled workers' wages³³ have been criticized. The CLA has tried arduously to suppress down this fee and has promoted direct employment, but such high intermediary fee can only be alleviated by the effort of both source and destination economies.

(c) work hours

Foreign workers' work hours should observe the Labor Standards Act. But low-skilled foreign workers usually prefer to work overtime in order to earn more money. Meanwhile their employers generally use power of assigning overtime opportunities to promote discipline. To protect the health of foreign workers, overtime work shall be restrained from both employers' practice and foreign workers' preference.

(d) social insurances

Joining the National Health Insurance is required for all foreign workers. Joining the Labor Insurance is compulsory for all industrial workers (because their work sites usually hire five or more employees), but voluntary for most social, personal & related community services workers (because their work sites usually hire four or less employees)³⁴. Under such circumstances, alien nursing workers at

³³ As mentioned earlier, high intermediary fee is due to the existence of economic rents resulting from the differentials between the wages offered in Chinese Taipei and the wages low-skilled foreign workers can earn back home.

³⁴ The Labor Insurance requires compulsory participation for all workers in work sites with five or

home and foreign homemaid may not enjoy the fringe benefits provided by the Labor Insurance. Hence the Labor Insurance shall be amended to require compulsory participation for all units of work sites.

4.3 Attract Foreign Workers

Successfully attracting suitable foreign workers is important to meet the demand in destination economy. For low-skilled foreign workers, employers and intermediary agents feel that it has become more difficult to attract Thai workers to Chinese Taipei. This may be due to more options (such as Korea and Macao) have opened to Thai workers, but Chinese Taipei shall regard it as a warning sign and deplore potential reasons of structural change and adjust current policy to be more attractive.

As for skilled foreign workers, Chinese Taipei needs to concentrate its efforts on recruiting more highly skilled foreign workers because it lacks of that group of workers (see Table 2.2). So Chinese Taipei needs to relax its management mechanism in hiring highly skilled foreign workers. Currently exemption of Employment Permit for short-term scholars is under consideration. However, more easiness of hiring highly skilled foreign workers, such as automatic approval of foreigners with Master or Ph.D. degrees may be adopted. And perhaps current management mechanism of a seemingly dual policy (with respect to low-skilled and skilled foreign workers) may be amended into a trio-policy (with respect to low-skilled, skilled and highly skilled foreign workers).

Additionally, many countries have tried to attract foreign students as a means of attracting skilled foreign workers. The effort adopted by Chinese Taipei has lagged behind advanced economies. For example, the number of foreign students in Chinese Taipei was only 13,070 persons in the school year of 2006-07, which is 2.2 times of the number (5,900 persons) in 1990-91 (see Table 4.1), but most of them are overseas Chinese and the total number is much smaller than other advanced economies. Though to waive two years work experience after a Bachelor's degree for foreign students who study in colleges in Chinese Taipei is under consideration currently, yet try to attract high school foreign students may be considered furthermore in order to recruit skilled foreign workers in an advanced stage.

Table 4.1 Number of Foreign Students

Unit: persons

| School Year | Total | Male | Female |
|-------------|--------|-------|--------|
| 1990-91 | 5,900 | 3,188 | 2,712 |
| 1995-96 | 5,197 | 2,830 | 2,367 |
| 2000-01 | 7,524 | 3,378 | 4,146 |
| 2005-06 | 11,035 | 5,543 | 5,492 |
| 2006-07 | 13,070 | 6,730 | 6,340 |

Sources: Ministry of Education (1997, 2007)

4.4 Reduce Illegal Hirings

There are some legal low-skilled foreign workers run away from their employers each year. The grand total at large was 20,668 in the end of April 2008 (Council of Labor Affairs 2008). Chinese Taipei has adopted various means to reduce the running away. For example, the CLA promotes grievance procedures for foreign workers to discourage running away, asks source economies to advise their workers not to run away, raises the penalty amount of money imposed on employers who hire illegal foreign workers,³⁵ raises bounty money for arresting illegal foreign workers to policemen and informers³⁶ and hires 265 more inspectors³⁷ to detect potential violations of laws.

However, some source economies of low-skilled foreign workers cannot manage their people from running away, some employers who violate the law try to appeal and reappeal penalty such that costs of implementing penalties become quite high, some policemen feel the bounty money is not a good incentive, some inspectors encounter hard time to go into work sites (especially residential house) to conduct inspection, some foreign workers plan to escape from the beginning in order to stay longer and make more money and there is almost no cost suffered by running away foreign workers³⁸.

To combat phenomenon of run-away effectively may need enhanced effort of international cooperation.

³⁵ The Council of Labor Affairs has penalized more severe (from NT\$150,000 to NT\$750,000) on the employers who hire illegal workers since 2005

³⁶ The Council of Labor Affairs has adopted mechanism of rewards to informers in detecting illegal foreign workers since 1997.

³⁷ The Council of Labor Affairs hired 115 more inspectors in 2000 and additional 150 in 2006 to detect illegal activities.

³⁸ Though a penalty amount of money is stipulated by law, arrested illegal foreign workers usually do not get any penalty due to the leniency of law enforcers. Therefore, incentive is always exist for legal foreign workers to run away.

4.5 Enhance International Cooperation

In Chinese Taipei, the movement of low-skilled foreign workers have been negotiated by bilateral agreements. Specifically, Chinese Taipei has signed seven bilateral agreements (in the form of Memoranda of Understanding) on temporary migration³⁹. In fact, for each selected source economy of low-skilled foreign workers, there is such agreement. For example, the agreement with Vietnam was signed in May 6, 1999, the agreements with the Philippines were signed in Sept. 3, 1999, Jan. 12, 2001 and March 20, 2003, the agreement with Mongolia was signed in Oct. 27, 2001, the agreement with Thailand was signed in Dec. 2, 2002 and the agreement with Indonesia was signed in Dec. 17, 2004. The agreement with Naru was signed in Feb. 8, 2007 and the agreement with Kiribati was signed in Nov. 6, 2007, both agreements concern of trainings rather than hiring foreign workers. The contents of these agreements highlight the willingness of cooperation, dispute negotiation mechanism, labor exporting mechanism (either by intermediary or direct employment), in order to smoothly process the hiring of low-skilled foreign workers.

There are four Free Trade Agreements (FTAs) signed by Chinese Taipei and other economies: January 1, 2004 with Panama, September 2005 (effective in July 2006) with Guatemala, December 2007 with Nicaragua and February 29, 2008 with El Salvador. All of them mention about the movement of natural persons highlighting the movement of business persons. None of them mention about the movement of low-skilled workers. As for the movement of skilled foreign workers, it is primarily observed by GATS mode 4 which advocates for minimum restriction or no restriction. In the future, Chinese Taipei may consider negotiating for issues of hiring low-skilled and skilled foreign workers in FTAs as the case of the United States.

4.6 Collect More Statistics

In Chinese Taipei, some related statistics shall be collected in order to provide a better picture of migration. Firstly, the information about foreign workers is limited to their basic characteristics, such as nationality and gender. This let Chinese Taipei does not know comprehensively what kind of workers it actually hired. In fact, the history of employment may be surveyed to know who prefer to come to work for another term of employment contract and who are not adapted to local environment and why.

³⁹ The author wishes to express his thanks to the Council of Labor Affairs for providing information of related international Memoranda of Understanding. Of course, all opinions expressed here shall be regarded as the author's personal viewpoints.

Secondly, substantially amount of foreign spouses⁴⁰ can be regarded as pseudo-low-skilled foreign workers in terms of various characteristics. For example, their local counter spouse usually has to pay an intermediary fee for such marriage equivalent to the amount that low-skilled foreign workers pay to come, though their employers do not have to pay the Employment Stabilization Fee and they can work in all tertiary industries. Most of them prefer to work after they have arrived in Chinese Taipei and they usually work in 3D jobs. Without sufficient statistics, the impacts of foreign workers on domestic market may be misjudged. But there is no official statistics of how many of them are actually working, how many of them are working illegally⁴¹, what industries, occupations or wages they are working for and whether their workers' rights have been observed.

Thirdly, there has been a significantly number of national emmigrating overseas, particularly to China, for work. But there is lack of related statistics on their destination cities, industries, occupations or wages. Fourthly, no statistics of remittance in and out have been gathered from the authority of finance.

All of these may be ameliorated to provide better information for policy consideration.

5. Recommendation for International Cooperation

Based on the experience of the management mechanism in Chinese Taipei, the following issues are proposed for international cooperation with respect to a win-win result of growing number of foreign workers:

5.1 Pursuing for a Job Placement Network across Borders

More and more workers work overseas, so a job placement network across borders may smooth recruitment and job-search and improve the efficiency of employment matching.

⁴⁰ Foreign spouses started to appear as undocumented foreign workers in the late 1980s. There were 383,204 foreign spouses (mostly female) over the period of Jan. 1990-Dec. 2006, including 249,118 Chinese (65.01%) and 134,086 non-Chinese (34.99%) (Ministry of the Interior 2007)

⁴¹ In general, non-Chinese spouses need to wait for 2 years to get a national identification card while Chinese spouses need to wait for 8 years to get a national identification card in order to work legally. Hence some foreign spouses work illegally before they obtain their national identification cards. And some of them are fake marriages who are intending to work illegally from the beginning. Due to prevalent of foreign spouses, some run away low-skilled foreign workers may be disguised as foreign spouses in applying for works. In order to discourage undocumented workers through marriage, the government depends on informers and policemen. Some bounty money and administrative awards are offered to encourage police efforts. However, policemen prefer to catch the incidents of working in the sex industry by foreign brides because they contribute more to police performance evaluation. Starting from October 2003, the government has imposed an interview requirement in the airport for the first time comers of foreign spouses. Any spouse involved in suspicious fake marriage will not be allowed to come into Chinese Taipei.

5.2 Reducing Intermediary Fee

Intermediary fee should be reduced by effective methods under international cooperation in order to protect low-skilled foreign workers' net income.

5.3 Stopping Illegal Migrants

Several kinds of illegal migration have been detected in Chinese Taipei from time to time which requires regional cooperation to ameliorate. First is the missing status of foreign workers who came to Chinese Taipei as foreign workers and became missing afterwards. The number was 5,922 persons in 1994 and increased to 20,668 persons in April 2008 (Council of Labor Affairs 2008). Most of them are still working somewhere in Chinese Taipei while some of them may have been attracted into pornographic industry.

Second is the trafficking (smuggling) of workers without legitimate documents. Most of such workers are female who travel to Chinese Taipei either by boat or by fake marriage, or running away from legal foreign workers and are attracted into pornographic industry from the beginning. Third is illegal working under genuine marriage before new immigrants (foreign spouses) have obtained a National Identification Card. Once new immigrants were caught for illegal working, they will be deported.

To tackle such phenomena, Chinese Taipei shall keep suppressing the demand for such workers and foreign workers' mother economies shall keep assisting their workers' to abide by the laws or pursue for help.

5.4 Pursuing for Automatic Approval of Employment Permit for Persons with a Master or a Ph.D. degrees

To review application of hiring skilled foreign workers may be necessary, but the efforts can be minimized to improve resource efficiency. For skilled foreign workers who possess a Master or a Ph.D. degrees usually will only contribute positively to the destination economy. Therefore, as long as the diploma has been accredited, offer an automatic approval of Employment Permit to such skilled foreign workers will save a lot of costs.

5.5 Pursuing for an International Accreditation Network

Requirement of skilled foreign workers' educational diploma has been an important qualification. But each economy has many colleges. To verify the status of skilled foreign workers' graduation schools may be hard such that some schools may not be recognized accurately. Suppose an international accreditation network is

well-established, then mistaken incidents may be minimized and the educational qualification of skilled foreign workers can be reviewed easier.

5.6 Pursuing for a Global Tax Accord

Different economies impose different tax rates on foreign workers. Suppose there is a global tax accord allowing them to deduct the tax they have paid in the destination economy, foreign workers certainly will enjoy more of net income.

5.7 Pursuing for a Portable Pension System

More and more working overseas foreign workers have to move around among various economies. Suppose they can join pension programs with portable pension benefits of all destination economies, their retirement income would be improved. Currently most international accords ignore foreign workers' right of joining pension programs in destination economies because most of them do not offer portable pension benefits. We may start to pursue for portable pension benefits of all pension programs and advocate for joining rights of foreign workers.

5.8 Allowing Foreign Workers Apply for Their Own Employment Permits

An Employment Permit may be necessary at this stage. But current Employment Permit is applied by employers. This implies that foreign workers have to be binded by their employers. Such binding is aiming to manage the number of foreign workers but may not be efficient in hiring foreign workers. Suppose destination and source economies can negotiate for an effective mechanism to manage the number of foreign workers, then foreign workers can be allowed to apply for their own Employment Permits and search their employers as suitable.

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