Immigration trends and policy developments in Asia Pacific

December 2017

In brief

While there is little doubt that the topic of immigration fuels politics for most of the OECD countries, setting immigration agenda and policies is a complicated task for any Government, with several influential factors ranging from unemployment rate to national security to the economic drives and future developments of a nation.

In the recent PwC 2017 APEC CEO Survey, nearly one third of CEOs expect to experience an increased barrier to employing foreign labour, the highest percentage of its category.

For Asia Pacific, with several important and growing economies in the region, Governments in this part of the world are inclined to develop policies for a more targeted approach to foreign labour rather than putting up complete barriers to foreign talent.

In detail

Asia-Pacific developments

The Asia-Pacific region continues to be world leaders in growth, with above 5% GDP growth average expected and leading the world in future economic progress. However, within the region, there are nations at different stages of developments, with Australia on one end of the spectrum and Myanmar on the other.

The perception that barriers are going up on foreign labour force is certainly understandable in light of sentiments around the world, but given the GDP growth and different priorities in the Asia-Pacific economies, Governments in this region are inclined to develop policies for a more targeted approach to foreign labour to bring in (or bring back in some cases) much needed talent with particular skill sets while restricting other labour sectors.

Often these skill sets are particularly difficult to quantify let alone legislate, skills such as problem solving, adaptability, leadership and creativity, are reported in the 2017 PwC APEC CEO survey as the most important skills companies need that are hardest to find (and not easily replaced by machines).

How each nation then address these skills shortages is to introduce concepts of high level or exceptional talent categories, or facilitate quicker processing for the Information Communication Technology (ICT) sector, or encouraging entrepreneurship of recent graduates, or simply an amalgamation of target groups through a general points system.

For the Asia-Pacific economies, with GDP growth comes the middle income trap where the challenge for
most nations in the region is to develop an immigration policy that will not only meet its current demands but also leapfrog other nations around the world to attract the best and brightest with the right skill sets to become global players in productivity, innovation and technology.

Demographics

It is often difficult to balance the immediate verses long term needs of a nation and whilst Asia Pacific is leading the world in growth, it is also leading the charts with its aging population, with an already negative population growth for Japan, and rapidly aging population for South Korea, Thailand and China.

The IMF predicted that by 2050, Asia Pacific’s population growth rate will fall to zero with only Australia, New Zealand, Hong Kong and Singapore attempting to slow its decline of working age population through immigration. The IMF also predicted that much of Asia will get old before getting rich and in record speed with Japan, Hong Kong, Singapore, Korea, and Thailand expected to have over 50% of its population over 65 years old by 2050.

This trend will become an irreversible crisis if not addressed through technology and immigration policies to deal with it on a short and long term basis, but this is almost always at odds with the push factor to limit intake of foreign nationals.

Japan, traditionally an immigration-shy nation, faced with the challenge of its own aging population is taking quiet steps to relaxing its immigration policies while careful not to disrupt its harmonious social fabric, such as with its Highly Skilled Foreign Professional programme and easing of permanent residency; in part hoping these tweaks will be sufficient until technology can take over.

Whether current actions by Governments in this region will adequately address future shortages is the million dollar question which will remain unanswered for now.

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<th>Asian Pacific: Old-age dependency ratios (Percent)</th>
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Source: IMF staff calculations and projections based on United Nations 2015 (medium-fertility scenario).

Rule of law in Asia

In President Xi’s speech at China’s 19th Party Congress, he highlighted the importance of rule of law to China’s future economic development and this is certainly evident in the recent immigration changes where the Central policy, rules and guidelines were more prescriptive than before – leaving less room for discretion (and we expect further changes to come in the near future as China continues to tweak its program).

When compared with other nations, with a more established rule of law framework, those nations’ immigration rules take up several

Rule of Law around the world

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- 11 - 20
- 21 - 30
- 31 - 40
- 41 - 50
- 51 - 60
- 61 - 70
- 71 - 80
- 81 - 90
- 91 - 100
volumes of legislation and Governmental policy to limit discretion in administrative decision making. In Asia where most nations’ immigration laws is in its early stages, very often the rules are scattered across different legislation governing exit entry and labour rules, and when combined only takes up a few pages of actual immigration rules for Government officials to interpret, leaving wide scope for discretion.

So when countries within Asia move towards governance by rule of law, its immigration rules will no doubt expand to allow open governance and constraint on administrative power.

Therefore, we should expect more immigration laws to be implemented in Asia when nations move towards rule of law governance, not necessarily to limit foreign talent intake, rather to have a more prescriptive approach to immigration administration and governance.

Technological advancements

One trend that is rapidly spreading is the use of technology for submission, assessment and monitoring of foreign nationals in Asia Pacific. With most countries in the region using some form of technology whether it is an online booking system in Hong Kong, or a fully functional online application system in Australia, Singapore, Malaysia and China.

This trend will only speed up (recent example being the online platform introduced in Thailand for Board of Investment registered companies), as Governments around the world look to automating its own administrative processes as well as its efficiency in collecting and sharing of information between departments and other nations on a global collaboration level.

As more countries move to this online model, information and data accuracy will be key in ensuring smoothness of transaction. It will be easier to identify discrepancies through an online platform than a paper based application so companies and individuals should prepare for rigorous assessment of each application, not because of intended barriers to foreign hire but simply because it is now possible to do so through an online platform.

Of course with the technological advancements in immigration processing, it will also be easier for Government departments around the world to gather big data to assess companies’ hiring practices and of its foreign hire population. It should not be long until the concept of trusted or accredited sponsors (an existing framework in Australia) will carry out to the rest of the region to offer a tiered sponsorship (and potentially name and shame) approach for companies wishing to sponsor foreign employees.

National security

A key discussion point in border control is the topic of national security, and as we increase our reliance on technology, crime also takes a different form in online hacking and security breaches.

Right now, many countries in the Asia Pacific region requires biometrics and/or police clearance prior to any visa grants, recent example being Australia where a police clearance is now required for sponsored visas.

Online presence is also being reviewed and assessed for high profile applicants and where their online footprint goes against that nation’s interest, there are generally limited recourse to have a refusal reconsidered by the authority.

These security trends will only increase as we move further into the digital age and it is foreseeable that in the future, in addition to police clearance certificates, applicants will also have their online footprint reviewed and assessed prior to any immigration clearance, to ensure the individual being cleared will not pose a security risk or go against societal interests to be allowed into the receiving country.

This may be one of the more challenging areas for companies to manage due to data privacy and employment rules around the world – further, what constitutes a crime in one country may not necessarily be a crime in another and this is one area where immigration practice crosses country barriers requiring both the outbound and inbound technical expertise to navigate through these tricky scenarios.

International agreements

As organisations continue on its global expansion, free trade agreements covering movement of people will become critical in counteracting protectionist tendencies over foreign labour force.

This is already a factor for Australia and Singapore to consider as it implements rules on labour market testing to carve out exemptions for intra-company transferees where enforcing labour market testing would conflict with international trade obligations.

China currently has over 20 free trade agreements under negotiation or consideration, and in its continued drive in the Belt and Road initiative as well as increasing its presence on the global stage, the number of trade agreements will only grow, together with any international or regional initiatives between multi-state parties, such as the APEC business card programme.

These international agreements have the potential to play a major piece in each nation’s immigration policy developments. But of course, international obligations must be enacted in domestic rules or adopted into local policies to have effect and while international trade agreements, particular in Asia, will increase,
practical application will be left to each nation to implement.

**How should companies prepare?**

1. This is truly the time to focus on immigration compliance as more and more countries start shifting their focus to enforcement with potential wider implications on the rating of the sponsor or employer.

2. Having a regional or global immigration programme and policy as part of a company’s wider global mobility framework is a must to have sufficient guidelines and consistency on immigration and legal compliance, yet remain flexible enough to cater for rule changes on a country level.

3. Data management, process and quality control, and application integrity will be key as we move into the digital century with nations quickly moving to an online platform where data is readily reportable and discrepancies are easily identified.

4. Expect and keep on top of the frequent changes in immigration at a local level as well being able to forecast or gather individual country trends will be vital to stay on top of the constant shifts in the different immigration landscapes around the world.

**The takeaway**

- Immigration policies in Asia Pacific will see many changes in the next few years as each nation evolves at its own pace and become more targeted in its approach to attracting foreign talent.
- Immigration rules will become more complex and detailed as countries within Asia move towards governance by rule of law.
- Shifts in technology and focus on national security will led to additional security checks online and offline.
- Companies should prepare for the fast and ever changing immigration policies in Asia as the economic focus shifts to this part of the region.

**Endnote**


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**Let’s talk**

For a deeper discussion of how this issue might affect your business, please contact your PwC Global Mobility engagement team or one of the following team members:

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