

Symposium on
Movement of Natural Persons
19 March 2003 - Tokyo

Presentation by

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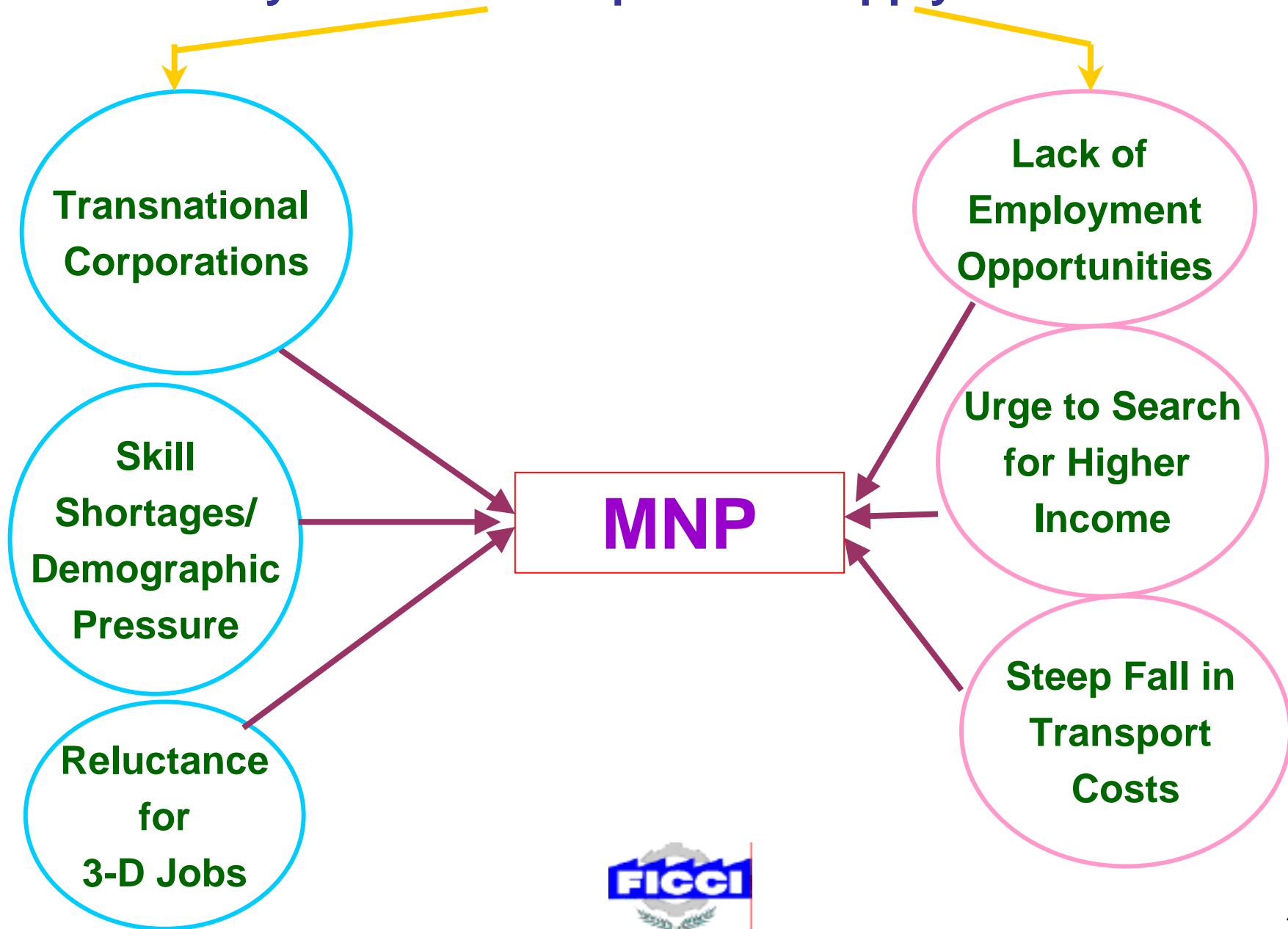


PART 1 : MNP – A PRELUDE

- **Movement of Natural Persons (MNP) is important because of modest scale of global integration of labour markets so far**
- **Temporary movement of workers still small relative to the labour market size for most countries**
(possible exception : Gulf Region)
- **Unbalanced coverage of different modes of service supply in WTO-members' commitments**
- **MNP or Mode 4 accounts for just over 1% of world trade in services**



➤ **Driven by both demand pull and supply side factors**



- Thus, MNP is not an exclusively developing country issue
- Besides sizeable movement of intra-corporate transferees (ICT), some industrial countries are also exporters of temporary workers (TW)

Inflows to USA in 2001

From ↓	TW ↓	ICT ↓
U.K.	47,317	60,615
Canada	31,661	22,838
France	19,213	21,433
Germany	17,669	25,479
Japan	15,924	34,821
Australia	11,184	10,117

Source: US Statistical Yearbook of the Immigration and Naturalization Service 2001

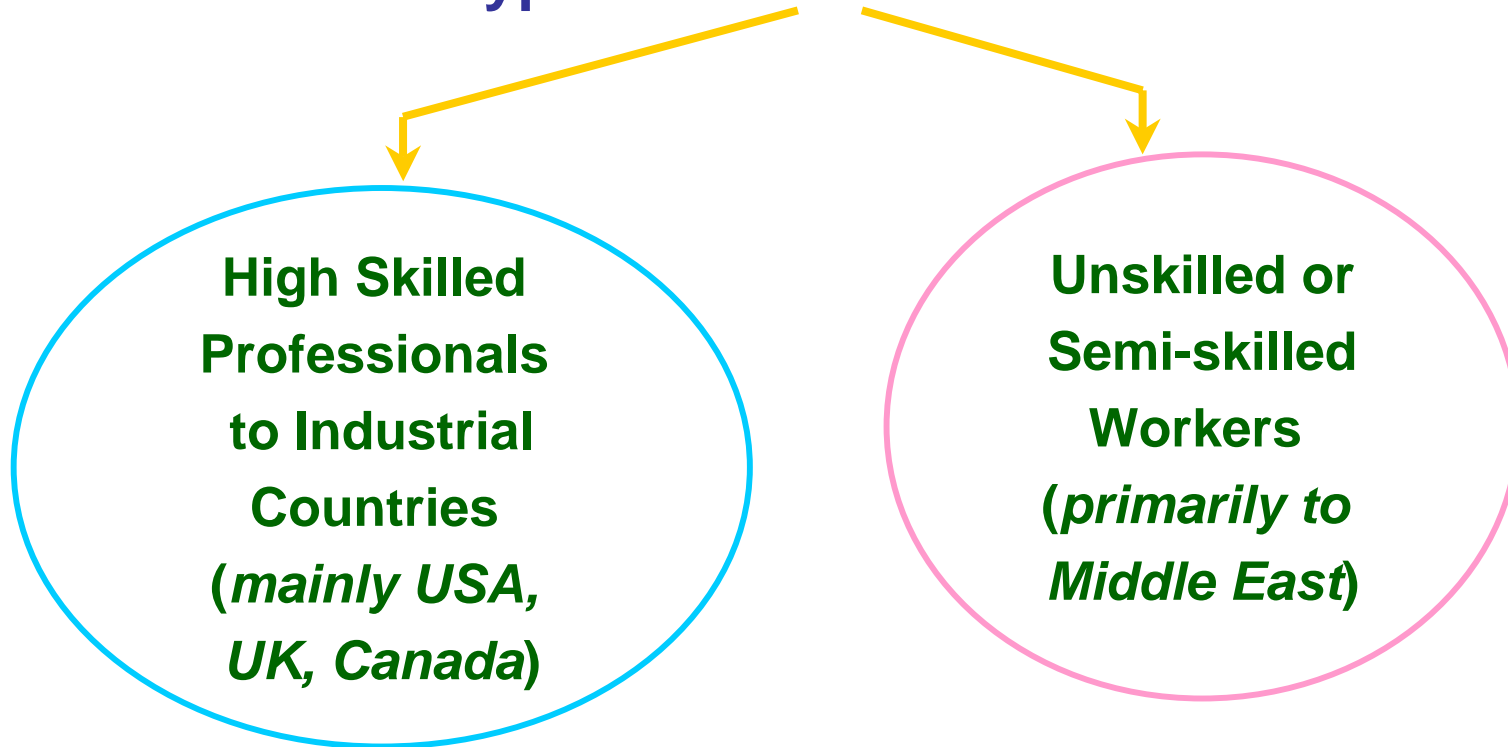


- **Movement of temporary workers helps in reducing developing countries' unemployment problem, and benefits in the form of remittances**
- **Augmentation of level and reserve of knowledge, skill and specialization in sending country**
- **Plays a leading role in alleviating skill shortages in the developed countries and also have positive effects on migration as such**



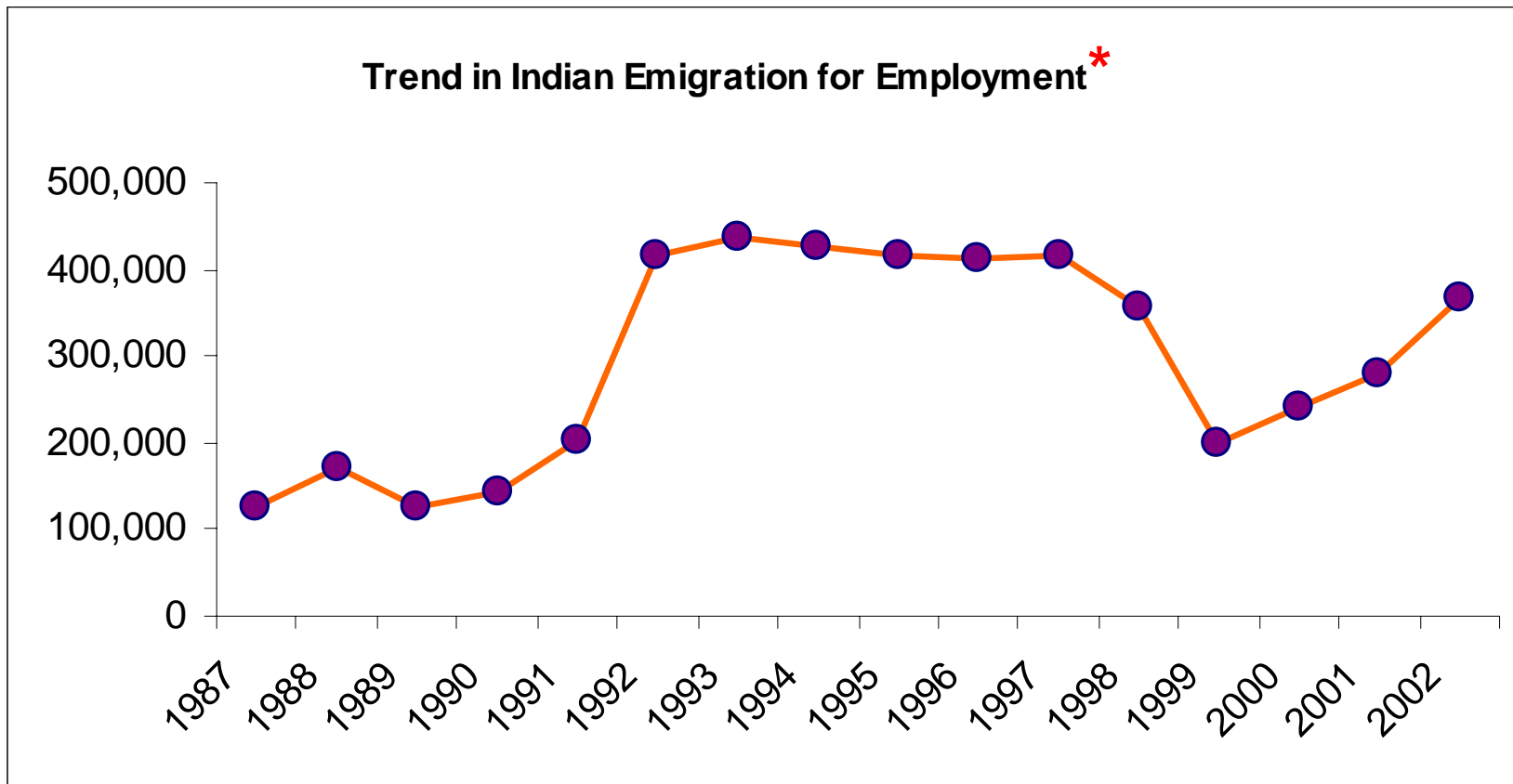
PART 2 : PROFILE OF INDIAN LABOUR GOING ABROAD

- **Two distinct types of movement of labour from India**



- **More recently, some other European countries have emerged as destinations for professionals**

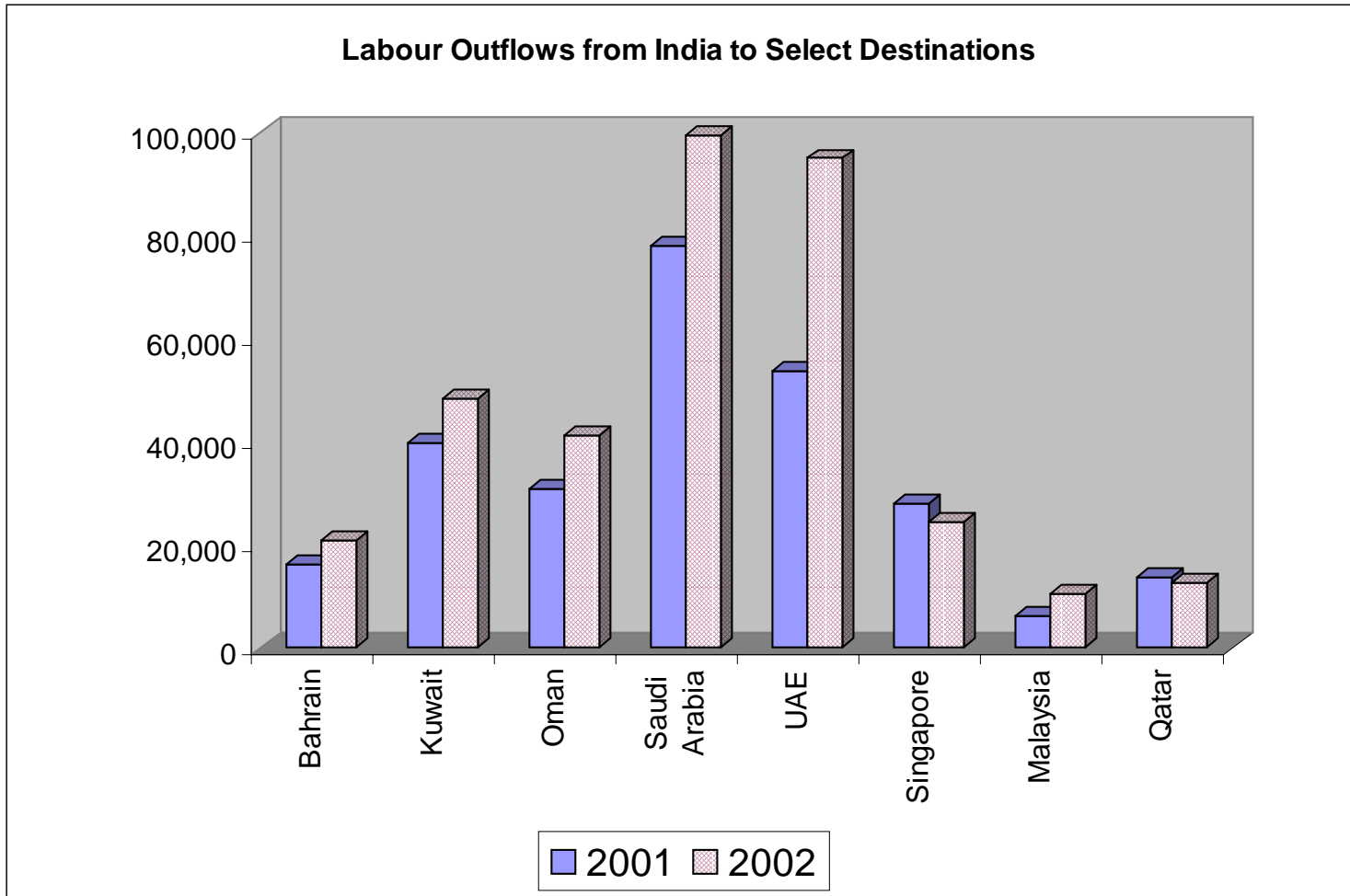
- Also, in recent years a clear shift towards workers with higher skill noticed in outflow of Indian labour to Middle East



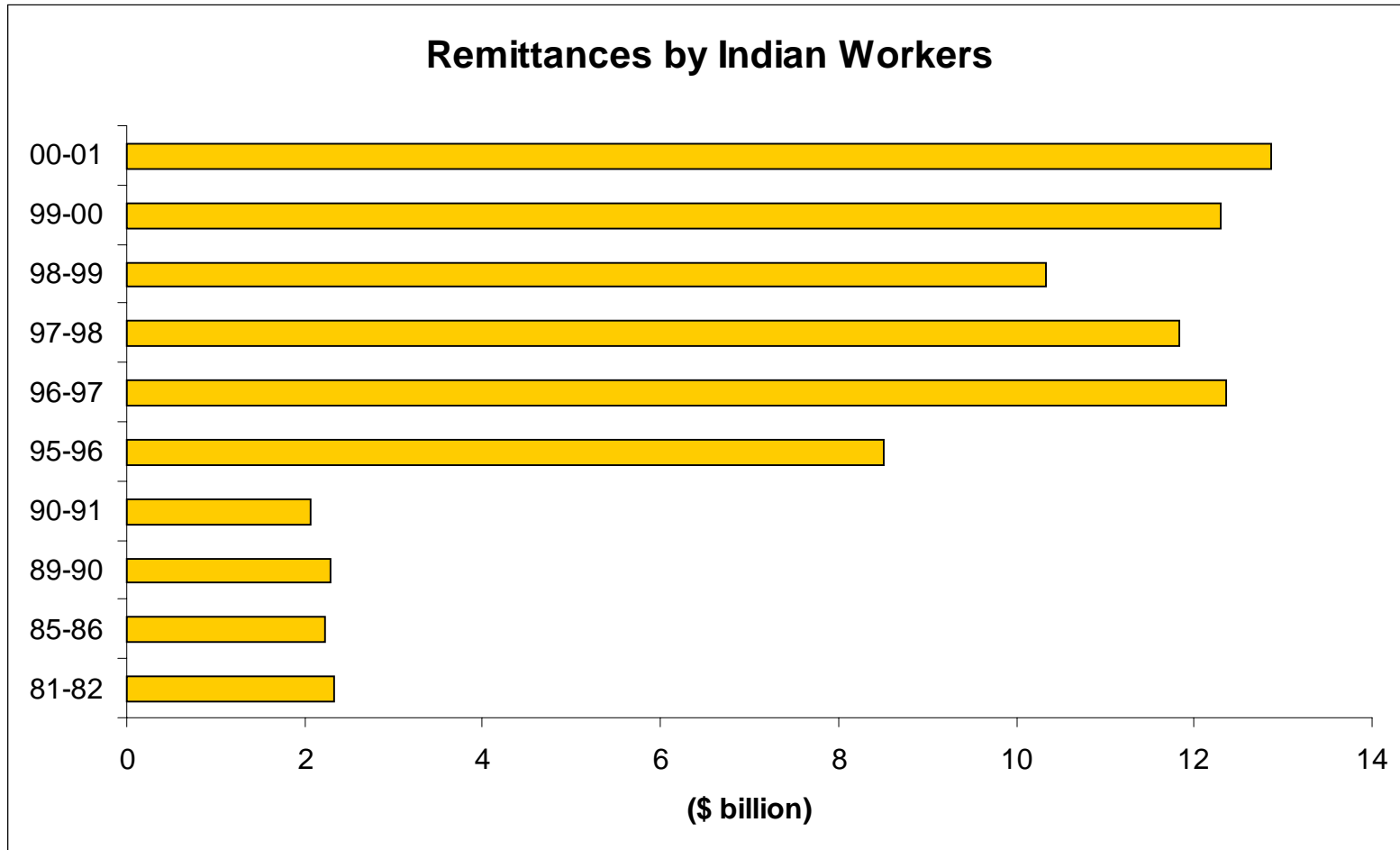
* primarily to Middle East and South East Asia



➤ **Labour migration from India to Middle East picked up momentum since 1992 (and in last 2-3 years to South East Asia)**



➤ **Steady increase in Indian workers' remittances since 1998-99**



- **USA, of course, is the single largest destination of Indian migrant labour**

Indian Non-Immigrants to USA Select Categories - 2001	
Temporary Workers	108,416
Intra-Company Transferees	15,531
Industrial Trainees	62

- **For temporary movement to USA, India in the top bracket among the developing countries**
- **Beneficiaries from India dominate the H-1B programme – accounting for nearly half the total in 2000 and 2001**



- **Not only in IT, India-born beneficiaries lead in other occupations as well**

Share of India-Born in Total H-1B Beneficiaries - 2001

	% Share	Rank
Computer-related	71	1
Architecture, engineering & surveying	28	1
Administrative specializations	17	1
Education	10	2
Managers & Officials n.e.s.	14	1
Medicine & health	20	1
Life sciences	11	2
Social sciences	13	1
Mathematics & physical sciences	12	2
Misc. professional, technical & managerial	16	1

- **Great demand for Indian nurses and teachers**
- **Reports indicate that some registered nursing professionals could now opt for H-1B visa to USA**



PART 3 : INDIA'S VIEWS AND EXPECTATIONS – A SELECTION

➤ **India considers Mode 4 as extremely important from the bilateral, regional and multilateral perspectives :**

- Due to significant interdependence among the 4 Modes
- To enhance developing countries. participation in trade in services
- To promote and exploit linkages between supply of services and trade in goods

➤ **Developed countries must recognise advantages of liberalisation in Mode 4 – benefits for both industrial and developing nations**



- **Through increasing developed countries' quotas on inward labour movements by 3% of their labour force, world welfare would rise by \$156 billion**
[Study by Walmsley and Alan Winters (2002)]
- **Restrictions on MNP has to be seen as barrier to exports – essentially a trade matter rather than a migration issue**
- **In respect of horizontal commitments, India seeks :**
 - A visa system to ensure fulfillment of sectoral and horizontal commitments undertaken, as well as grant of multiple-entry visa for professionals
 - Full commitment on independent professional, delinked from commercial presence
 - Allow inter-firm mobility to professionals



- **Expansion in the scope and coverage of “other persons” and “specialists” to include middle level professionals**
- **On Mode 4, specific sectoral commitments need to be taken in addition to horizontal commitments**
- **India expects full sector-specific commitments in Architecture, Health, Computer-related Services, Audio-Visual Services, Tourism, etc**
- **Exemption for developing country professionals from social security contributions**
- **Bilateral totalisation agreement need to be entered into by members**



- **Abolish all ENT eventually. In the interim, as few as possible occupational categories to be made subject to ENT**
- **Wherever sectoral commitments are undertaken, exclude applicability of ENT in such sectors**
- **In sectors, where ENT-requirement applies, its application should be based on multilateral norms for ENT with clearly specified criteria**
- **Issue of recognition of qualifications needs establishment of multilateral principles & monitoring mechanism and bilateral MRAs**
- **Bilateral MRAs may be particularly relevant in sectors like accountancy, architecture and health**



PART 4 : DEVELOPED COUNTRIES' POLICIES AND POSITIONS – SOME OBSERVATIONS

- In 2000 and 2001, several OECD countries relaxed existing regulations and/or introduced new schemes to encourage inflow of high-skilled workers
- Specifically designed policies :
 - German Green Card System
 - H-1B Visa in USA
 - Canadian and Australian temporary skilled migration programmes
 - Highly Skilled Migrant Programme (HSMP) in UK
- Quota limits raised to meet higher demand (Germany, USA)
- No quota restriction on UK's HSMPs



- **Work permit regulations simplified largely as a result of employer pressure (Netherlands, France, Norway)**
- **Strategies often address specific shortages**
 - **IT-related (Germany, France, Netherlands, Ireland, Canada, Australia, USA, Denmark)**
 - **Health-related (Norway, Denmark, Ireland, Netherlands)**
- **Exemptions from labour market tests enable Governments to offer ‘fast-track visas’ (Netherlands, France, Ireland)**
- **Exemptions from work permit requirements especially for information and communication technologies personnel (Ireland, Netherlands)**



- **As a result, all categories of temporary labour migration increased in OECD area between 1999 and 2000 (*Trends in International Migration 2002, published by OECD*)**
- **In Japan, there has been a sharp rise in inflow of temporary visitors for business during 2000**
- **Number of highly skilled workers entering Japan in 2000 was nearly 130,000**
- **Total number of foreign workers stood at 710,000 in that year – up from 630,000 in 1996 (*Yasuchi Iguchi in “Migration and the Labour Market in Asia – Recent Trends and Policies”, OECD 2002*)**



PART 4 : DEVELOPED COUNTRIES' PROPOSALS **continued AN OVERVIEW**

- **US proposal (December 2000) hardly breaks any new ground and does not offer any substantive way forward**
- **Canada's proposal (March 2001) suggests members to improve their Mode 4 commitments – both horizontal and sectoral**
- **Canada believes members should make commitments on general business visitors and professionals, including those entering on a contractual basis and not linked to commercial presence**



- **EU recognises (March 2001) some benefits to sectoral approach based on more specific categories of skilled personnel**
- **EU views unspecified labour market tests, in most cases, practically serve as permanent safeguard measure, and are equivalent to ‘unbound’ in a schedule**
- **EU proposal also calls for specification (including through a common code of practice) of currently unspecified labour market tests to render them transparent**



- **Japan's proposal (July 2001) points out that Mode 4 covers only the temporary entry and hence does not have any influence on long-term immigration policy**
- **Japan is in favour of significant horizontal commitments with regard to intra-corporate transferees (because they relate to liberalisation in Mode 3)**
- **Japan also seeks to reduce the restrictions on movement of senior management personnel with high level of expertise**
- **Japan wants members should endeavour to eliminate limitations exercised through ENT (at least transparent criteria so long as ENT is maintained)**



PART 5 : HOW TO ADDRESS FRICTIONS

- **Risks of friction arise because**
 - **There exists a fundamental contradiction between the need for overseas skilled workers and the desire/compulsion to protect jobs for locals**
 - **Enforcement concerns and the likely problem of temporary entry leading to permanent one**
- **Potential friction results from a combination of social, economic and political factors**
- **So, the problem has to be tackled on all fronts in a coherent manner**
- **We are in favour of joint initiatives by Government and industry to address this delicate issue**



- **Private-public partnership is useful say, in teaching the workers/professionals Working Knowledge of the LANGUAGE of destination country (e.g. German language training programme)**
- **Risks of friction could be minimized through appropriate advocacy to the emigrating temporary workers, about the social norms, values that they have to respect**
- **Both Indian Government and business are alive to the political sensitivities**
- **Whenever there is a friction or threat of it, Indian Government and industry have been quickly meeting or discussing with their counterparts to work out a mutually acceptable solution – DIALOGUE IS THE KEY**



THANK YOU

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