



IOM International Organization for Migration
OIM Organisation Internationale pour les Migrations
OIM Organización Internacional para las Migraciones

Statement

by

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at

**Symposium on Cross-Border Movement of Natural Persons:
Economic Partnership Agreement (EPA) and acceptance of
foreign workers**

Organised by

Ministry of Foreign Affairs, Government of Japan
&
International Organization for Migration (IOM)

Tokyo, 27 July 2004

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Distinguished Guests, Ladies and Gentlemen

Let me begin by expressing both my sincere appreciation to the Ministry of Foreign Affairs of Japan for hosting this symposium, and the honour and pleasure it has been for IOM to be its organizational partner. The timeliness of the symposium is, of course, underlined by the fact that it is held against a background of negotiations on Economic Partnership Agreements between Japan and its Asian neighbours.

It is no surprise that the cross-border of natural persons is an important part of these negotiations. In recent years migration has been making its way steadily to the top of the international affairs agenda and now calls insistently and urgently for the attention of all governments, whatever the nature of their involvement or interest in the management of migratory processes.

There is an obvious reason for this. Throughout the world, people are increasingly mobile – either through choice or necessity. The key is not to prevent mobility, but to manage it to the best advantage of all the parties concerned, the countries of origin, the countries of destination and - most of all – to the migrants themselves.

One of the obstacles hindering the development of effective approaches to migration management in general and labour migration in particular, however, is differences in outlook between countries of origin and countries of destination.

- Typically countries of origin wish to secure migration opportunities for their workforce, and to ensure that the human rights of their workers abroad are respected;
- On the other hand, countries of destination wish to safeguard the integrity of their entry control systems and are concerned with the promotion of social cohesion and seek to protect their workers from unfair competition.

In the absence of cooperation, patterns of irregular migration take root, and migrant smugglers and traffickers move in swiftly to take advantage of the situation. This is to the obvious detriment of the migrants themselves, but also of great cost to governments.

Cooperative approaches, on the other hand, hold promise of positive outcomes. IOM's experience over the last 50 years has richly demonstrated that managed, cooperative approaches to labour migration can:

- Promote use of regular channels of migration;
- Help deter irregular migration, especially smuggling and trafficking of human beings;
- Facilitate acceptance and participation of migrants in the host society, and
- Contribute, in the longer term, to the reduction of migratory pressures, so that migration might be a matter of choice rather than of compulsion to leave.

In specific terms, for countries of destination, labour migration

- Provides a pool of human resources in labour market areas that cannot be met locally;

- Increases workforce diversity and versatility in a more and more competitive market; and,
- Contributes to the rejuvenation of the workforce.

For countries of origin, labour migration

- Provides employment opportunities abroad for nationals whose skills are surplus to demand;
- Is a valuable and reliable source of remittances. It is estimated that a total amount in excess of US Dollars 100 billion is remitted annually worldwide, through official channels alone. This is substantially more than total ODA to developing countries;
- Contributes through return migration to the enhancement of the local skills base.

In all regions of the world, therefore, governments are giving increasing attention to the search for effective managed and cooperative approaches, and nowhere is this more evident than in Europe. By way of background it may be useful to remember that labour migration in Europe has had a rather uneven history.

1) European Background

The post-war European reconstruction and related economic growth generated important labour shortages. This led to the active recruitment of migrant workers, from both within and outside Europe. By early 1970s, over 30 million foreign workers had entered the EEC, including temporary workers and multiple entries. Labour migration was enshrined in the Treaty of Rome (1957) with free movement of persons between the six founding states. It was also specifically managed by bilateral agreements between non-EEC labour sending countries and destination countries.

This was followed by a period of Economic downturn, calling for adjustments to labour migration practices (1973-1989). Indeed, with the 1973 oil crisis and the consequence on economic growth and employment opportunities, European governments introduced measures (such as quotas and increased recruitment costs) to discourage labour migration and encourage return migration. This led to a substantial reduction in employment-related immigration.

2) Current Trends

In the past decade, however, **Europe has witnessed a return to employment-related migration**. Demographic trends including population aging and low fertility rates, as well as skills shortages characteristic of knowledge-based economies have made labour recruitment, both skilled and unskilled, a critically important policy priority for European countries. In 2003 the European Commission officially recognized -- in a Communication of that year -- that immigration would be increasingly necessary in the coming years to meet the needs of the EU labour market.

Also, there has been an acknowledgement on the part of many European countries that **labour migration is an essential component in any comprehensive approach to migration management**. A recent case in point is the German migration law passed on the 1st of July this year which integrates foreign labour recruitment within a broader migration management framework.

While the focus of labour recruitment in Europe remains on temporary schemes, in the past decade there has been a **dramatic diversification in the types of schemes used to recruit foreign workers**. This development reflects the willingness of European countries to adapt their approaches to fit specific labour market and policy outcomes. It also reflects the need of the European countries to experiment and test a variety of approaches in an increasingly competitive and globalized labour market. Especially in the area of skilled migration – and not least with respect to nurses and other skilled health professionals – the European experience shows that it is not easy to attract sufficient numbers of skilled migrants to satisfy domestic labour needs. Approaches taken by European countries in recent years have therefore diversified to include multilateral and bilateral agreements, unilateral measures, regularization schemes, and initiatives taken at EU level to facilitate movement within the EU.

Bilateral labour agreements are by far the most common type of agreement with third countries. Although their purpose is to respond to labour shortages in European destination countries, **bilateral labour agreements are also increasingly used as a migration management tool**, that is, to combat irregular migration by strengthening the overall framework of cooperation with third countries while opening legal channels for migration. Examples of this include agreements recently signed by **Spain** with Colombia, Dominican Republic, Ecuador, Morocco, Poland and Rumania; **Italy** with Albania & Tunisia; **Portugal** with Bulgaria & Rumania.

The sheer scale of labour shortages in critical occupations such as health, IT, domestic workers, and others, has led to the development of **multilateral schemes** which target large numbers of sending countries. An example is the United Kingdom's Working Holidaymakers Scheme which allows nationals of 53 other Commonwealth countries to take up limited employment in the UK for a period of two years.

Some countries have simply opened up their labour markets in order to take advantage of global demand for migration, without targeting any specific countries of origin, for instance by creating routes for individual entry of the highly skilled in specific sectors. One example is the German "Green Card" scheme for recruitment of IT specialists. About half of the 20,000 Green Card permits have been issued to date. The UK launched a similar programme in January 2002 called the "Highly Skilled Migrant Programme" based on a point system for educational qualifications and experience. It has made separate provision for migrant worker entry to the low skilled sector through quota systems. Several southern European countries have also used "amnesty" programmes to regularize temporarily or permanently the status of migrants living and working illegally in their countries. Most migrants benefiting from these programmes are unskilled or semi-skilled.

With respect to the EU, and as I mentioned previously, the Rome Treaty allows for free movement of persons for work and residence. However, intra-European movement remains remarkably low, involving less than 0.2 per cent of the total population of the

European Union according to the OECD. In 2002 the European Commission initiated an action plan for mobility including measures to facilitate skills recognition in regulated professions and the transferability of pension rights across member countries.

3) Closing Remarks

Let me conclude this statement with the following **Closing Remarks**. Europe has adapted to changing demands for labour **by developing proactive and diversified labour migration policies and programmes**.

Although Japan differs from Europe in regards to its social, economic and cultural background (let alone its geographical environment), it will be subject in the end to the same economic and demographic pressures that have prompted Europe to reform their approaches to migration management.

Ultimately, the identification of a suitable labour migration framework in cooperation with sending countries will ensure that labour migration benefits Japan and the sending countries, as well as the individual migrants.

Such a successful labour migration framework can be developed only through a dialogue among all stakeholders, including sending countries. This symposium provides a useful platform for such a dialogue. I must once more thank the Ministry of Foreign Affairs of Japan for their initiative and the opportunity to explore this issue further in the course of this symposium.

Thank you very much.

Whither Japan?
By: Tomas Achacoso

In 1989, I was invited by some Japanese journalists to share my views on the need for Japan to internationalize its manpower sector. My views were eventually published in the Japan Economic Journal on April 29 1989 in an article called “Filipino Labor can fill Japan’s manpower shortage.”

Today, fifteen years later, I am privileged to once again be invited to share my views on how the movement of people can help ease the labour shortage resulting from falling birthrates and ageing populations of developed countries like Japan, Germany, Italy and the United States, among others.

Demographers at the International Institute of Applied Systems Analysis have predicted that the world’s population growth will peak at nine billion by 2070 and then start to contract. But Japan’s population is expected to peak as early as next year and then to fall by as much as one-third over the next 50 years. Philip Longman, in his article “The Global Baby Bust,” further claims that Japan’s fertility rates have been below replacement levels since the mid-1950’s.

But many developed countries still proceed on the premise that manpower will always be available. On the contrary, Dr. Joseph Chamie, former Director of the United Nations Population Division (UNPD) has predicted that Japan must recruit “...one million migrant workers a year for the next 50 years just to keep its dependency ratio at 3:1.” The UNPD also estimated that the Total Fertility Rate of Japan as of 2000 was at 1.43, which means that Japan has breached the Replacement Fertility Rate of 2.1 and therefore is currently unable to replace deaths with live births. Similarly, Germany is at 1.30, while the United States is at 1.99.

I believe that heightened global competition has concentrated Japan’s collective mind on something that, in the past, it had hoped to avoid: change. The changes that Japan must undertake with regard to filling this gap in labor are not easy especially since they involve areas that relate to traditions and customs. These are also changes that have implications on the racial structure of its society and how it continues to perform as a nation. It is truly commendable that Japan is exerting every effort to anticipate and ensure that such changes are positive and favorable for all sectors of society not only in Japan but also for those coming to work in Japan.

I would like to make my own humble contribution to the on-going discussions on labor and migration from a perspective that has hardly been touched upon in previous discussions and conferences. I would like to talk to you, albeit briefly, about the need to harmonize institutional arrangements not just between Japan and prospective labour-sending countries like the Philippines and Thailand but also within Japan itself. The challenge lies in managing migration with a comprehensive set of norms and standards while maintaining a balance in the interests of all parties involved.

Discussions between Japan and the Philippine government are currently being held under the ambit of an Economic Partnership Agreement. The discussions are focused on the mechanics and anticipated problems of language proficiency and cultural gaps. The governmental institutions that deal with this migration program are simply presumed to be efficient and able to accomplish their mission and objectives.

In my mind, attention needs to be placed on the institutions that will be at the forefront of the process of not only bringing in thousands of foreign workers but dealing with them on a daily basis. We must always be reminded that laws and policies are only as good as the administrative machineries' capacity to implement them.

In this regard, it is important to have an intimate understanding of the human side of change management that takes into account the alignment of the bureaucrat's culture, values and behavior in order to encourage the desired results. Failure to plan for the human side of change often finds many bureaucrats wondering why their best-laid plans have gone awry.

This implies the need for customer service training both in procedures and understanding cultural differences in the human dimension (as opposed to pure efficiency) not only for the top level bureaucrats but more importantly, for the front liners who will be implementing the rules on a daily basis.

But all the talk of reform on this level will lead nowhere unless it is translated into changes in Japan's migration structures and processes. The paradox is that for Japan to sustain itself, it is going to have to become less Japanese and more multicultural. Is Japan ready for this?

One of the major concerns of ordinary Japanese people is how to live in harmony with foreigners. If my memory serves me well, a survey was conducted by a major Japanese multinational corporation several years ago to determine which nationality works well together with Japanese officials and ordinary workers. Of all the nationalities considered, the Filipino topped this survey. Similarly, a compatibility survey was done by a Norwegian firm for its nationals and the result also had Filipino workers topping the list.

These are qualities that could benefit Japan by providing the manpower that it needs and the Philippines by providing the jobs that its citizens require. However, Japan must remember that it still needs to attract workers to its shores because it will be competing with Europe, the United States and Canada, among others, which also have acute needs for migrant workers. These countries offer high wages for skilled and unskilled workers, have generous social benefits and already have locally existing migrant populations.

While the Philippine recruitment industry is well organized and able to service the requirements of many labour-receiving countries, the sheer number of its licensed agencies might prove to be its bane as well. Since the Philippines operates under a democratic system of governance, once the Japanese market is opened to foreigners, there will be a mad rush from agencies, legal and illegal, to participate in this opportunity. Japan's institutions must be ready to handle this.

Even with the stringent requirements being planned with respect to the language proficiency and technical expertise of workers to be recruited, the mere fact that there are so many players involved will undoubtedly result in cutthroat competition that can only result in the exploitation of the workers themselves and provoke protectionist policies from Japan.

However, on the part of Philippine government officials, they cannot impose any conditions that would restrict the full and active participation of these agencies lest they be charged with restriction of trade.

As a labor-receiving country, Saudi Arabia's response was to limit the number of participating health clinics that provide medical examinations on workers going to the Kingdom by qualifying only a handful of these clinics. Canada likewise accredits caregiver-training centers to ensure that the quality of training adheres to standards set down by the Canadian government.

Therefore Japan must be able to implement similar safeguards of its own in order to address these issues even at the pre-departure stage. Checkpoints like these need to be created within the Japanese system in close collaboration with the labor-sending countries. The responsibility is necessarily a shared one between labor sending and receiving nations.

In this regard, I would like to suggest that Japan create a position within its bureaucracy to take charge of overseeing its labor-migration systems and procedures and amending them as necessary. This post can be given overall charge of the mechanics and organization of the Japanese process since many issues cut across jurisdictional lines of different government ministries. The most challenging aspect of this position is how to solve the administrative problems of implementing policies and objectives. Migration is a dynamic phenomenon and would therefore require constant fine-tuning of the interactions that it requires from numerous government agencies.

For example, the Philippines is considered as the country of emigration *par excellence* in part because its implementing arm, the POEA or Philippine Overseas Employment Administration is the only overseas employment government agency in the world whose Quality Management System (QMS) conforms to the requirements of the International Organization for Standardization, or ISO 9001:2000. Thus its labor-receiving clients, like Japan, can work within this structure, confident in the systems that are in place.

Another solution to labor shortage is for Japan to consider offshore outsourcing of some business functions to outside suppliers. Outsourcing is regarded as a new way of doing international trade and is made possible by the lower communication costs and the availability and ease of standardizing software packages. This is another way of taking advantage of the availability and lower cost of labor in other nations. Certain business functions such as document management, medical transcriptions and financial services have been determined as likely functions that can benefit from outsourcing.

As a former Philippine government official, my experience in dealing with Japan is that the problem is not the absence of good policies but rather the lack of attention to the details of how the operationalization of these policies affect the manner in which labour sending countries respond. Japan needs to ensure that its domestic system is attuned not

just to its internal operations and requirements but also to the realities in the Philippines and other labour-sending countries that have thousands of licensed agencies eager to participate in this market.

Japan is struggling to make sure that the standards of language proficiency and technical competence remain high but I don't hear of any discussion of the kind of institutional arrangements, systems and procedures that need to be addressed.

Therefore, it is in these areas—the human side of change management; stronger and more dynamic implementation of updated rules; a dedicated independent government body that can make the necessary systemic adjustments; and working with the labor-sending countries even in the pre-arrival stages—that tweaking and modifications need to be made. Japan's implementing institutions should address these because it is in these areas where the smallest changes will result in the largest net benefits for all parties involved.

Accepting, streamlining and managing the process of labor migration into Japan is an opportunity for Japan not only to exercise control over what will be a vital component of its economy and society, but also to develop an even stronger working relationship with the people who can fill a gap in its requirements for growth and stability.

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July 2004, Tokyo