Asia Pacific: Immigration trends and policy developments

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In brief

Setting immigration agenda and policies is a complicated task for any government, with several influential factors including unemployment rates, national security, economic drivers, and expected national development.

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.

Asia Pacific, in particular, has several important and growing economies in the region and 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 a world leader in growth, with above 5% GDP growth average expected. 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.

One may perceive that barriers are going up on the use of foreign labour forces. However, 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 that companies need, and are hardest to find (and not easily replaced by machines).

Nations addressing these skills shortages are introducing concepts of high level or exceptional talent categories, or facilitating quicker processing for the Information Communication Technology (ICT) sector. They are also encouraging entrepreneurship by recent graduates or are simply combining 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.
Countries want to attract the right skill sets to be global players in productivity, innovation, and technology.

**Demographics**

It is often difficult to balance the immediate verses long term needs of a nation and while 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.

According to a recent report, the International Monetary Fund (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. See IMF, World Economic and Financial Survey, Regional Economic Outlook for Asia Pacific, April 2017 (link).

This trend could 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 relax 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.

Whether current actions by governments in this region will adequately address future shortages is a critical question which will remain unanswered for now.

**Rule of law in Asia**

President Xi, in a speech at China’s 19th Party Congress, highlighted the importance of the rule of law to China’s future economic development. This is certainly evident in the recent immigration changes where the Central policy, rules, and guidelines were more prescriptive than before, which is leaving less room for discretion. 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 volumes of legislation and governmental policy to limit discretion in administrative decision making. In Asia where most nations’ immigration laws are in their 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. This leaves a wide scope for discretion.

So when countries within Asia move towards governance by rule of law, their immigration rules will likely 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. Most countries in the region are 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 likely speed up (a recent example being the online platform introduced in Thailand for Board of Investment registered companies), as governments around the world look to automate their own administrative processes as well as increase efficiency in collecting and sharing 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 no disruption of transactions. It will be easier to identify discrepancies through an online platform than a paper-based application. Companies and individuals should prepare for rigorous assessment of each application, not because of intended barriers to foreign hires but simply because it is now possible to do so through an online platform.

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 foreign hire populations. It should not be long until the concept of trusted or accredited sponsors (an existing framework in Australia) is carried out to the rest of the region, offering 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. 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 require biometrics and/or police clearance prior to any visa grants, a 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. Where their online footprint goes against that nation’s interest, there are generally limited recourses to have a refusal reconsidered by the authority.

These security trends likely will 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. This will help 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. This is one area where immigration practice crosses country barriers, requiring both outbound and inbound technical expertise to navigate through these tricky scenarios.

International agreements

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

This is already a factor for Australia and Singapore to consider as they implement 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. 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 likely 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 role in each nation’s immigration policy developments. However, international obligations should be enacted in domestic rules or adopted into local policies to have effect. While international trade agreements, particularly in Asia, are likely to increase, practical application will be left to each nation to implement.

How should companies prepare?

1. Companies should evaluate their 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 critical to have sufficient guidelines and consistency on immigration and legal compliance, yet remain flexible enough to cater to 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 rules at a local level as well being able to forecast or gather individual country trends. This 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 are expected to shift in the next few years as each nation evolves at its own pace and becomes more targeted in its approach to attracting foreign talent.

Immigration rules likely 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 are expected to lead to additional security checks online and offline.

Companies should prepare for the fast and ever changing immigration policies in Asia as economic growth continues to expand.

Endnote

**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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