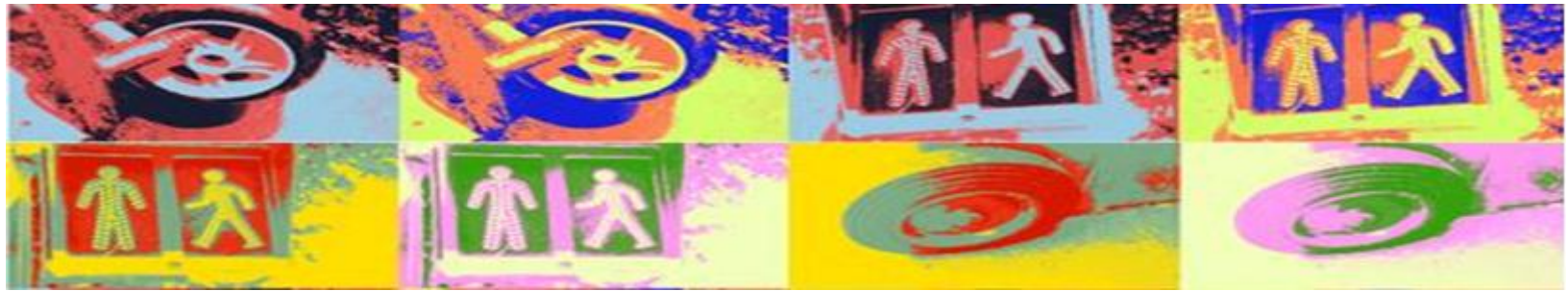




The Future of International Migration to OECD Countries Regional Note China and South East Asia

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Foreword

In the course of the project ‘The Future of International Migration’ carried out by the OECD/IFP Secretariat in 2008/2009 a number of regional notes were commissioned from leading experts to help shed light on the diversity of situations and future migration trends in different parts of the non-OECD world. The aim of the regional notes was to provide a largely qualitative, personal assessment of the likely evolution in factors in the principal non-OECD regions which could influence outflows of people either in the form of intra-regional migration or, of particular significance to this exercise, to OECD countries, through to 2025/2030. More specifically, the experts were asked to give some consideration to the most likely trajectory that outward migration might take in the years ahead, together with some speculation about possible “wildcards” (unexpected events or developments which could impact significantly on pressures to migrate to OECD countries).

A regional note on India/Pakistan/Bangladesh was written by Prof. Binod Khadria, (Jawaharlal Nehru University, New Delhi). Sub-Saharan Africa was covered by Laurent Bossard (OECD Club de Sahel). Jeff Ducanes and Manolo Abella (ILO Regional Bureau, Bangkok) submitted a note on China and South East Asia/Asia Pacific. A note on North and East Africa was prepared by Flore Gubert and Christophe Jalil Nordman (DIAL, IRD, France). Jorge Martinez Pizarro (CEPAL, Chile) drafted a note on Latin America. The Russian Federation and Eastern and South East Europe were covered by Prof. Dietrich Thränhardt (University of Münster, Germany). Prof. Philippe Fargues (European University Institute, Italy) provided information on the Middle East and North Africa. These papers can be found on the OECD/IFP webpage (www.oecd.org/futures).

1. Introduction

The gross outflow of migrants from China and Southeast Asia has been increasing steadily in the past few decades and has reached more than 2 million per year in recent years. Except for China where most of the rapid growth in population mobility has been confined within its territory, out-migration flows from Southeast Asian countries notably Indonesia and the Philippines have become significantⁱ. The region itself absorbed most of the migration which has been driven by widening income differentials, demographic factors, and in some instances by the violence of internal strife. This paper identifies the demographic, economic, political and environmental factors in China, Indonesia and the Philippines which are likely to shape out migration from the three countries over the next two decades.

Southeast Asia embraces 11 countries, seven of which can be classified as mainly migrant-receiving, and four as mainly migrant-sending. The four countries which are mainly migrant-receiving are Malaysia, Thailand, Singapore, and Brunei; the mainly migrant-sending are the Philippines, Indonesia, Myanmar, Vietnam, Cambodia, Lao PDR, and East Timor. In China much of recent migration movements have been confined within its borders, from the central to the coastal provinces. Little information is available on the annual outflow of Chinese to overseas destinations except for the temporary movements organized by Chinese contracting companies, but rising per capita incomes are enabling more and more people to venture outside the country as tourists and students and these movements are bound to escalate in the coming two decades. As its economy boomed in recent years, it has also admitted a significant inflow of professionals filling jobs in the many multinational companies now operating in the country.

The sending countries of Southeast Asia – excepting Myanmar and East Timor – have experienced rapid growth and improvement in their political situation in recent years. The Philippines and Indonesia, the two major sending countries of the region in terms of the volume of annual outflow — are at an interesting juncture: if they are able to sustain their recent growth rates for the next two decades, they will roughly be, by around 2030, at the income levelsⁱⁱ of Thailand and South Korea when their migration outflow rapidly abated and they transformed from mainly sending countries to mainly receiving countries, the former in the mid-1990s and the latter in the mid-1980s.

China's phenomenal growth record in the past three decades, even if it moderates slightly in the future, will allow it to surpass those income targets in the next few years. The top concern in the country, which it is trying to address with its 'harmonious society' agenda, is the high degree of income disparity between its urban and income regions that has the potential to lead to social instability and unrest.ⁱⁱⁱ

There are pockets of political and ethnic unrest in China and in some of the Southeast Asian countries. There have been violent manifestations of ethnic unrest among the Tibetans and the Uighurs in China particularly within the past year. For many decades now, the Philippine government has been in conflict with a secessionist Muslim group in its southern region, and

intermittent clashes between government troops and this group^{iv} has caused displacement of the region's residents mainly internally but also to Malaysia.^v In Indonesia, separatist conflict is dormant but could reappear anytime in its Aceh province. The continued migration from other parts of Indonesia to Irian Jaya may also lead to more violent ethnic conflicts in the future. A separatist movement is also active among the Muslim population of southern Thailand, which borders Malaysia. There is a regular outflow of Burmese migrants and refugees, fleeing the country's poor economic conditions and repressive regime. Depending on how these conflicts shape out, they could be a cause of future refugee movements mainly within the region but also to some OECD countries like Australia.

China and Southeast Asia are also believed to be highly vulnerable to the adverse effects of climate change. Under current conditions, more than 13 million people in the major port cities in the region are believed to be exposed to coastal flooding.^{vi} If the expected effects of climate change – sea-level rise, natural subsidence of land, and more intense and higher storm surges – are added, then the number of people in the region exposed to coastal flooding rises to 19 million.^{vii} This and other possible future environmental developments – including dessication of major rivers and continued deforestation could reconfigure future international migration flows in the region.

In China, population is expected to grow at only 0.42 percent annually to 2030. The share of the younger population – and even their absolute number - is expected to decline relatively rapidly in the next 22 years. Those in the 24 to 39 age group are expected to decline at an annual rate of 0.83 percent annually. From 325 million, they are projected to be at only 273 million in 2030. In Indonesia, population is expected to grow at 0.85 percent annually to reach 280 million by 2030. Those in the 24 to 39 age group are expected to grow at only 0.28 percent annually. Most of the population growth will be in the oldest least mobile age group. In the Philippines, however, population growth is expected to remain relatively strong. Overall population growth is expected to be at 1.49 percent annually to 2030. Those in the 15-64 age group are expected to grow at 1.92 percent annually and in absolute numbers is expected to climb from 51 million to 82 million.

On the other hand, demand for migrant workers in the more advanced countries in the region might strengthen based on the projected demographic trend. In Japan, Korea, and Thailand, the number and share of those in the 25-39 age group in the total population are already on the decline. The share of those 65 and above in the total population is expected to be as much as 30% in Japan, 27% in Singapore and 23% in Korea.

In the following section, we look in more detail at the prospective outward migration and its likely influences – economic, demographic, political, and environmental - in the Philippines, Indonesia, and China to 2030. A final section summarizes and concludes.

2. Potential Factors Driving Migration to 2030

2.1. Philippines

The Philippine government estimates there is a stock of 8.7 million overseas Filipinos as of end-2007. Of these, 3.7 million are permanent migrants, 4.1 million temporary (and regular), and 900 thousand irregular migrants. By destination region, 3.7 million are estimated to be in the Americas, 2.2 million in West Asia, 1.2 million in East and Southeast Asia, 950 thousand in Europe, 360 thousand in Oceania, and the rest in Africa.

Counting registered (temporary) migrant workers alone, the gross annual outflow has exceeded one million in the past several years. In 2007, 1.1 million overseas workers left the country, of which 289 thousand were seafarers and the rest were bound for land-based employment.^{viii} Of the 811 thousand land-based workers deployed in 2007, 60 percent went to the Middle East, 27 percent to other Asian countries, 6 percent to Europe, 4 percent to Americas and Trust Territories, and 2 percent to Africa and one percent to Oceania.

In the past, males accounted for a much larger share of migration but in more recent years, the share has become about even. Women dominate among household workers, and health care workers, while men make up most of the sea-based workers and production workers. The temporary workers are mainly from the young demographic, with 70 percent belonging to the 25-44 age group. They are also relatively well educated with 36 percent having graduated from college.

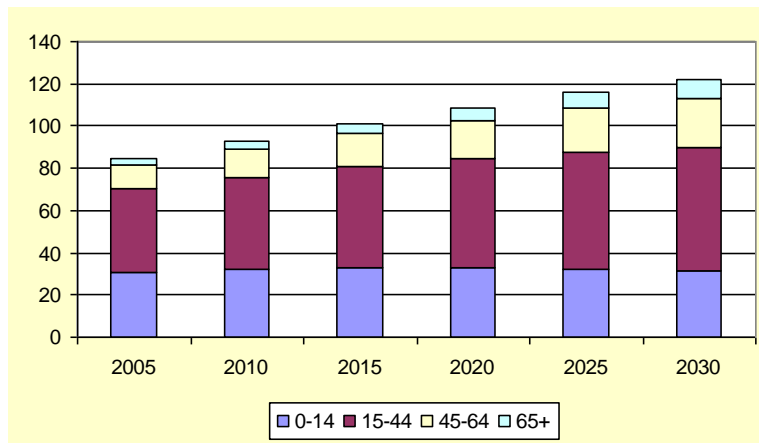
In the OECD countries, the estimated Philippine-born population 15 years and older is 1.9 million, of which 1.2 million are women, and 700 thousand are men.^{ix} Of these, 78 percent are from 25-64 years of age, 12 percent from 15-24, and 10 percent 65 and up. By employment status, 66 percent of the total are employed, 3 percent unemployed, and 31 percent inactive. Among men, 70 percent are employed, 4 percent are unemployed, and 26 percent are inactive; among women, 63 percent are employed, 3 percent are unemployed, and 34 percent are inactive.

Demographic

As of 2007, the Philippines had a total population of 88.6 million. While population growth has been declining slowly over the past five decades, it is still a very robust 2.04 percent per year from 2000-2007.^x Of the total population, about 57 million are of working age (15 years old and over). The relatively high population growth has seldom been matched by a correspondingly robust growth in employment opportunities, resulting in a relatively high unemployment and underemployment rates in the country. At the end of 2007, unemployment rate in the country was at 6.3 percent and underemployment rate was at 18.1 percent. Unemployment and underemployment rates are typically much higher for those with higher education, with unemployment rate reaching double digits for those with college education.

Population growth is particularly high in the Autonomous Region of Muslim Mindanao (ARMM) which is close to Malaysia. From 1995 to 2000, the population of ARMM grew at 3.86 percent a year – the highest for any region in the country.^{xi} Combined with the intermittent armed conflict in the area (see subsection *Political* below) this could put outward migration pressure to the neighboring country.

Figure 2.1. Projected Philippine Population by Age Group (Millions)



The Philippines is unable to adopt a strong population control policy because of vehement opposition from the Catholic Church, which still possesses strong influence over legislators and government officials. There is current legislation pending in Congress called the Reproductive Health Bill which supports subsidies for artificial birth control and sex education in schools, but the prospects of it passing are not promising at present.

Population growth is thus expected to slow down but remain relatively high up to the year 2030. The population of those 25-44 years old, which comprised 70% of total labour migrants from the country in the past two decades, is expected to grow 1.9 percent annually to 36.7 million in 2030 from 22.9 million in 2005. In the meantime, education levels are improving as the share in the labour force of those who finished tertiary education has consistently increased from 9 percent to 16 percent in the past two decades. Some of this investment in education is motivated by the possibility of finding overseas employment, especially in the health care industry. The share of those with college education among migrant workers has increased from 26 percent to 36 percent in the same period. The country’s capacity to provide employment to this young and well-educated workforce will be an important determinant of the push for migration for the Philippines.

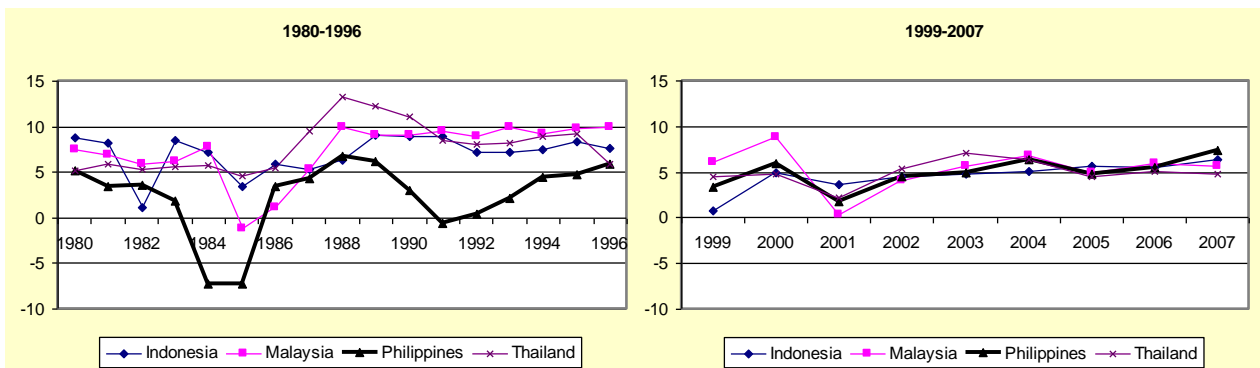
The existence of large diaspora Filipino communities in many OECD countries – notably in the US, Canada, Australia, Italy, and Spain – is no doubt playing a big role in facilitating migration movements today and will likely to be even more important in the future as their numbers grow. These communities have also grown even in countries which only accept temporary migrants, not settlers, like Saudi Arabia, Japan, and Republic of Korea. They facilitate entrance to the labour

market, provide finance for travel, and help with the integration of newly-arriving friends and relations. How the “network effects” will determine the size of future flows is difficult to specify, but it is certain that they exercise a separate and important influence on migration.^{xii}

Economic

Philippine economic growth has been characterized as “boom and bust”.^{xiii} Unlike its more successful neighbors like Malaysia, Thailand, and even Indonesia, which all achieved sustained high growth for more than a decade from the mid-1980s up until the Asian financial crisis, the Philippines has so far failed to achieve anything similar, at times because of adverse external events like the Oil Crisis of the early 1980s, the heavy external debt burden inherited from the Marcos era, and the Asian financial crisis of 1997, but other times due to self-inflicted political crises as in the coup attempts of the late 1980s and early 1990s and the protracted mass protests in the failed impeachment of then President Estrada in 2000-2001. Figure 2.2 shows the GDP growth rates of the Philippines, Indonesia, Malaysia, and Thailand from 1980-1996 and from 1999-2007.

Figure 2.2. GDP Growth 1980-1996 and 1999-2007



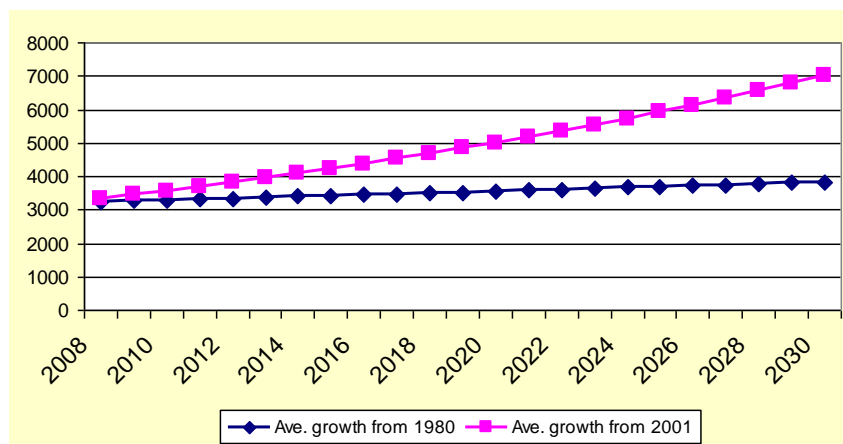
Beginning in 2002, the country’s GDP growth has averaged about 5.6 percent per year and peaked at 7.3 percent in 2007, when it exceeded the growth rates of Indonesia, Malaysia, and Thailand. Much of this recent growth has been attributed to increased consumption rather than investments, but during the period the Government did manage to improve its fiscal position.^{xiv} For the first time in many years the Government is now in a position to use fiscal policy to stimulate the economy.

Most migrants from the Philippines are economic migrants, looking for better-paying more productive jobs than those available at home. The scale of future migration from the Philippines is likely to depend most crucially on whether it is able to sustain the relatively high growth it has recently achieved, which has come mainly from remittances-financed consumption and investment, as well as the rapid expansion of Business Process Outsourcing (BPO) sector.^{xv} Remittances into the Philippines have been growing at almost 20 percent per year since 2001 and

are expected to reach U\$17 billion in 2007. The migration-economic growth link will thus also depend on how well the country harnesses these massive remittances to advance development so that future economic growth will not have to depend on them so much, and the extent to which it can maintain its competitiveness in the BPO industry.

Figure 2.3 illustrates two scenarios for future per capita GDP growth scenarios for the Philippines: the first (diamond-shaped marker) shows per capita GDP growing at the average from 1980 – or the “boom-bust” growth; and the second shows per capita GDP growing at the average from 2001. Under the first scenario, per capita GDP grows at 1% per year and improvement is slow. Under the second scenario per capita GDP grows at about 3.4 percent per year, and by the mid-2020s the country would have achieved the per capita income levels in Thailand and Korea when overseas migration from those countries rapidly declined.

Figure 2.3. Per capita Philippine GDP under 2 scenarios (PPP\$ 2005)



Political

According to the International Country Risk Guide published by the Political Risk Services Group – a US-based consultancy firm specializing on country risks – among Southeast Asian countries in 2006, the Philippines fared the poorest in terms of Government Stability and Internal Conflict.^{xvi} And moreover, that the country’s scores on these areas have been deteriorating in the recent past. If these risks continue they are likely to have an impact on future migration flows, both directly on how they affect citizen perceptions of the government and indirectly through their larger effects on the economy.

Anecdotal evidence suggests that some of the migration is being driven by disenchantment with the poor quality of governance and political institutions in the country and the frequent instability of government. There have been about a dozen actual coup attempts in the past two decades and many more rumoured ones. Corruption has been a major problem in government, particularly because of the extremely litigious system for prosecuting wrong-doers and the power and influence of political families. The election of a few non-traditional politicians for major local

government positions in the recent elections has given hope that perhaps the electorate is now maturing, but deep-rooted defects of the country's political institutions will take time to correct suggesting that good governance and political stability will not be soon attained. This will turn off some people into overseas migration, although its impact will most likely be indirect and mainly through lower economic growth and bad social services provision.

The Philippines has two long-running ideology-based armed conflicts: one with communist insurgents; and another with Muslim separatists in Mindanao, the southern part of the country. In addition, there is a breakaway group from the Muslim separatists called the Abu Sayyaf, a kidnap-for-ransom gang cum terrorist group, against which the government has undertaken armed offensive. In the worst phase of the conflict against communist insurgents (1986-1991), it is estimated that about 1.3 million people were displaced from their homes.^{xvii} Meanwhile, the Mindanao conflict is estimated to have displaced about 2 million people since the 1970s. The Autonomous Region of Muslim Mindanao and its vicinity, where this conflict is concentrated, are home in 2007 to about 4.1 million people.

As many leaders of the communist movement joined the political mainstream, the armed component of this movement has weakened and so has the intensity of its clashes with the military, thus limiting the impact of this conflict on the displacement of families. Intermittent fighting with Muslim separatist still occurs, however, and intensifies in periods of failed peace negotiations. The potential for the war to escalate to a dramatic level will probably be constrained by the reported diminution of the financial support the Muslim separatists used to get from Middle East supporters. Still, there is no credible peace agreement is evident in the near future with either the communists or the Muslim separatists.

The impact of the conflict with Muslim separatists has been on internal migration and many ethnic Muslims have settled elsewhere in the country, especially in the vicinity of Metro Manila. But some have also been driven overseas, almost entirely to nearby Sabah, Malaysia, where hundreds of thousands of Filipinos currently reside. Should this conflict intensify, the impact on overseas migration will likely be mainly limited to this corridor.

Environmental

As an archipelago of about 7,000 islands, the Philippines is vulnerable to a rise in water-levels due to climate change. The OECD estimates that just from the port cities of Manila and Davao, 115 thousand people are currently vulnerable to flooding, and that this number increases to 169 thousand if global sea-level rise and storm enhancement due to climate change, plus natural subsidence of land is taken into account, and rises further to 240 thousand if the effect of man-caused subsidence of land is added. The actual number of vulnerable is certainly higher if all coastal cities and municipalities are taken into account as 60% of the country's population is estimated to reside near the coast. The impact on overseas migration of coastal flooding will ultimately depend on its scale, but in past instances of isolated heavy flooding, the displaced population simply migrated internally to nearby areas.^{xviii}

Summing up

Most out-migration from the Philippines is for economic reasons, and as such its future magnitude will depend heavily on the country's future course of economic growth and expansion of employment opportunities. In the near term and perhaps for the next decade, the economic push will likely remain strong, as the youth population continues to grow relatively rapidly and as per capita income in the country will remain much lower than in developed countries where employment opportunities are available. If it attains sustained economic growth for a longer period, then the push for migration will likely weaken. The biggest political threat linked to migration is in Mindanao where a continuing battle is being waged by the government against a Muslim secessionist group. Under a worst case scenario, large scale migration from that area to nearby Sabah, Malaysia might occur.

The ageing population in the nearby developed Asian countries of Japan, Korea, Singapore, and in the Chinese province of Hong Kong will likely mean that intra-Asian migration will comprise a larger share of migration from the country, especially given that the country is a major supplier of health care and household workers. This in turn leads to a scenario of an increasing share of women among total migrants because they dominate these professions. Intra-regional migration might also be facilitated if ongoing discussions on regional labour market agreements, such as those being discussed in the ASEAN, are successful, and if such agreements expand to ASEAN+3.

2.2 Indonesia

The Indonesian Ministry of Labour estimates that in 2006 there were around 2.7 million Indonesians working overseas who went through official channels.^{xix} In addition, there were an estimated 828 thousand Indonesians who have gone overseas through irregular channels, mainly to Malaysia (400,000), Saudi Arabia (400,000), South Korea (20,000), and Japan (8,000), putting the total estimate for temporary migrants from Indonesia at about 3.5 million.^{xx} By destination, 50 percent are in Southeast Asia – mainly in Malaysia, 21 percent in West Asia, 5 percent in other Asia, 14 percent in Europe, 3 percent in Oceania, and one percent in Africa.^{xxi}

Registered migrant worker outflow was at about 600 thousand in each of 2006 and 2007. For 2007, 40 percent of the workers were deployed in East and Southeast Asia (26 percent in Malaysia) and 60 percent in West Asia.^{xxii} Women dominate worker migration from Indonesia, making up 69 percent of total outflow in 2005, and especially in migration to West Asia where they comprise 93 percent of total migration.^{xxiii}

Based on OECD website data, in 2005 there were 287 thousand Indonesia-born migrants in OECD countries, 53 percent of whom are in the Netherlands, 24 percent in the US, and 23 percent in Australia. Indonesia is not counted among the top 50 migrant origin countries in the OECD.

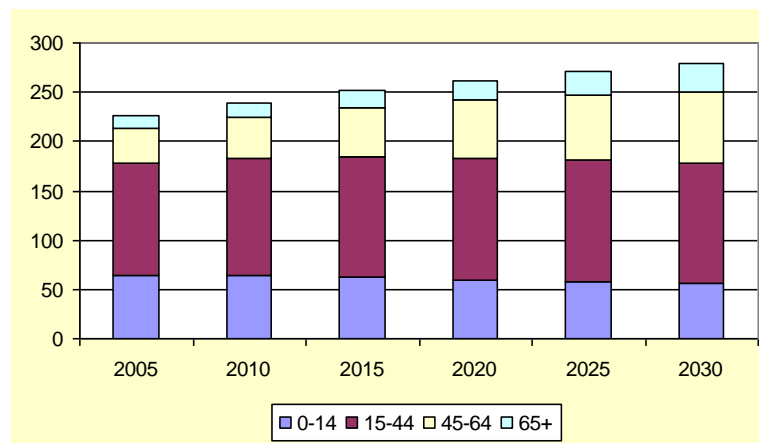
Demographic

As of 2007, Indonesia had a total population of 226 million. Population growth has declined substantially from about 2.1 percent per year in the 1980s to about 1.2 percent in recent years. Of the total population, about 162 million are 15 years old and over, and 71 million are in the prime age working group of 25-44 years.

As of mid-2007, unemployment rate in Indonesia was at a high 9 percent in 2007, and has moved around the 9-10 percent range since 2002. Unemployment rate is higher for women at 10 percent compared to males at only 8 percent. Unlike the Philippines, unemployment rate in Indonesia is higher among those with lower education. Half of the unemployed in 2007 have not had more than junior secondary education.

Indonesia has had a fairly successful birth control programme that is generally credited with reducing total fertility rate from 5.3 in the early 1970s to about the replacement level of 2.1 today. According to the government agency in charge of the family planning programme, more than 60 percent of Indonesian couples of child-bearing age avail of the programme.^{xxiv} As a consequence, the country's population of those 44 and below is expected to be stable in the near future and to decline beginning 2015 (Figure 2.4).

Figure 2.4. Projected Indonesia Population by Age Group



This means is that in the medium term there will be no additional pressure for migration because of a growing young population. However, even without a growing young population, pressure for outward migration is already strong: most migrants from Indonesia are young, low-skilled, and majority are women – precisely the group that is unable to participate productively in the domestic economy as evidenced in the country's unemployment figures. Recent figures indicate that 90 percent of the women who migrate for work from Indonesia find employment as domestic helpers. Gross tertiary level enrollment rate in the country is relatively low at only 17 percent compared to about 29 percent for both the Philippines and Malaysia, possibly indicating that the

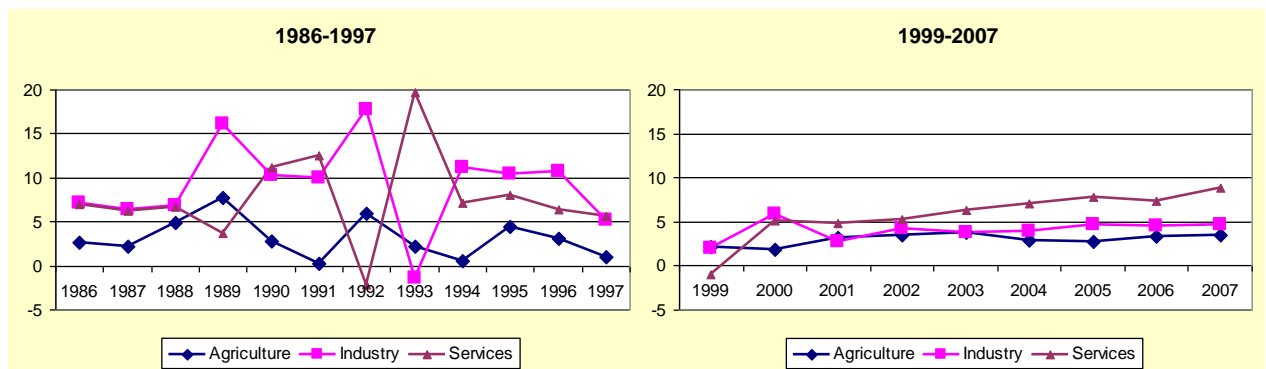
overall skill level of the labour force is unlikely to rapidly improve soon. The country's ability to provide employment opportunities to its large number of young unskilled workers and to generate paying jobs for its women will shape its future migration outlook.

Economic

Indonesia was considered one of Southeast Asia's tiger economies, alongside Malaysia and Thailand, until its economy (as well as the two others') crashed in the wake of the Asian financial crisis. In the decade preceding the crash, Indonesia's economy grew at a robust 8 percent per year. Indonesia ended up being the country worst hit by the crisis but has since recovered and, beginning year 2000, has grown at an average of 5 percent annually (refer to Figure 2.2).

Employment has not fully recovered, however, and from the low single digit levels pre-crisis, unemployment rate in the country steadily increased to its recent levels of about 9 to 10 percent.^{xxv} This is primarily because the employment-intensive industrial sector in Indonesia does not grow as vigorously as it did before 1997, and instead the less employment-intensive services sector has been driving the economy's growth (Figure 2.5). The post-crisis period coincide with the rapid growth in outward migration from Indonesia.

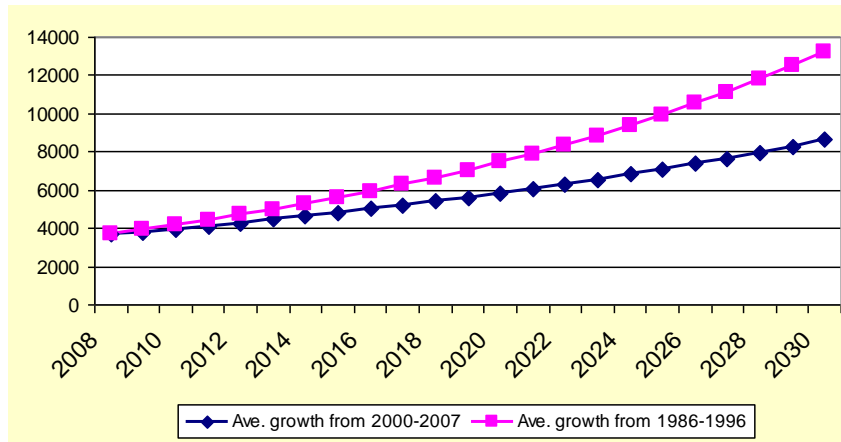
Figure 2.5. Indonesia Sectoral Growth 1980-1996 and 1999-2007



As in the Philippines, the vigor of the push pressure for outward migration in Indonesia depends heavily on its future economic performance and its ability to provide productive well-paying employment for its labour force. This will mean reviving growth of its manufacturing sector to the level or near the level it was at the height of its economic success when the sector was growing at 11 percent per year, instead of the 5 percent per year it has achieved in recent years.^{xxvi} In the short term this appears more difficult because of competition from China, but Indonesia is rich in many natural resources which a prosperous China will have a demand for. Figure 2.6 shows two scenarios of per capita GDP for Indonesia: the first where per capita GDP grows at its rate from 2000-2007; and the second where per capita GDP grows at its rate from 1986-1996. In either scenario the country is seen to surpass by 2030 the assumed threshold of PPP\$ 6,000 –

7,000 already mentioned when migration pressure is expected to decline. But in the latter scenario the threshold is attained by around 2019, whereas in the former it is attained almost a decade later.

Figure 2.6. Per capita Indonesia GDP under 2 scenarios (PPP\$ 2005)



Political

Indonesia has in the past suffered from communal riots which had tragic consequences for the small minority Chinese-Indonesian population. The most serious took place in the aftermath of the 1968 coup attempt when hundreds of thousands of Chinese Indonesians were reported to have been killed. Former President Suharto is credited with having adroitly managed Indonesian politics to avoid their recurrence during most of his regime, but the riots that took place at the height of the recent financial crisis are a grim reminder of the volatility of the situation.^{xxvii}

Indonesia deals with both internal and external conflicts, none of which are currently at stages where they could be driving out-migration. Internally, the conflict with Aceh separatists has been more or less dormant since the aftermath of the tsunami of 2004 which killed more than 200 thousand of the province's residents, and the signing of the peace agreement in 2005, but the risk of the conflict cropping up again still exists. Indonesia also has long-standing now relatively minor conflicts with Malaysia, Singapore, and even Australia but these in themselves are not expected to become serious enough to trigger out-migration. The most serious bone of contention with Malaysia is the treatment of Indonesians residing without permit in Malaysia, particularly in Sabah. Malaysia undertakes periodic deportation of these people (as well as those from the Philippines), but they return after some period has elapsed. Those deported from Sabah are unlikely to seek another country of residence because of cultural bonds, and many are from families that have lived there for several generations.

Environmental

Like the Philippines, Indonesia as an archipelagic country is also highly vulnerable to a rise in sea level due to climate change. One estimate indicates that of Indonesia's 17 thousand islands, about 2,000 uninhabited ones will be submerged by 2030 when sea level rises by an expected 89 centimetres. According to the OECD, just from Indonesia's big port cities of Jakarta, Palembang, Surabaya, and Ujung Pandang, 700 thousand people are vulnerable to flooding, and that this number increases to 877 thousand if global sea-level rise and storm enhancement due to climate change, plus natural subsidence of land is taken into account, and rises further to 1.2 million if the effect of man-caused subsidence of land is added. The actual vulnerable would be higher given that Indonesia has a large coastal population and that it has the second longest coastline in the world (after Canada). The country is also vulnerable to volcanic eruptions, earthquakes, and tsunamis as was evident in 2004, when an earthquake triggered tsunami killed more than 200 thousand people and displaced more than 400 thousand from their homes.^{xxviii} Those displaced, however, relocated to nearby areas within Indonesia. If outward migration is to result from a terrible natural disaster in Indonesia, it will likely be towards Malaysia with which it shares strong cultural ties.^{xxix}

Summing up

A large portion of out-migration from Indonesia is for economic reasons – particularly of women labour migrants from the country, of whom 90 percent find employment as household workers. A significant portion is also driven, apart from economic need, by historical and cultural ties combined with porous borders, as is the migration to Sabah, Malaysia. In the near term, per capita income in the country will remain much lower than Malaysia's and other developed economies to which it sends workers, so the migration push will remain strong. But in the march towards 2030, the country is in good position to drastically reduce this push: if it is able to sustain its recent growth it will reach the income level of Thailand and Korea when migration from these countries abated by late 2020s; if it is able to regain its growth in the decade preceding the crisis then it will reach that income level before 2020. The demographic push for migration will also diminish as the country's population growth continues to slow down as expected and the number of the young population, who comprise the big majority of migrants, stabilizes or even declines. No major external conflict is immediately evident that may lead to large scale war and large scale migration. Internal conflict has subsided in areas like Aceh, but may still emerge. If this conflict flares up again, it may possibly lead to outward migration to nearby countries – Malaysia in particular, but probably not much further. Environmental disaster is an always present concern, but as in the tsunami disaster of 2004, unless circumstances are really extreme, such event is likely to lead only to internal migration.

2.3. China

There is no official figure on the number of international Chinese migrants, but an estimate by the University of Sussex and the World Bank in their Global Migrant Origin Database (GMOD), puts the number at about 6 million circa 2000. The actual number at present is probably much

larger.^{xxx} Based on the GMOD figures, 64 percent of Chinese international immigrants are in other Asian countries, 24 percent are in the Americas, 7 percent in Europe, 3 percent in Oceania, and one percent in Africa.

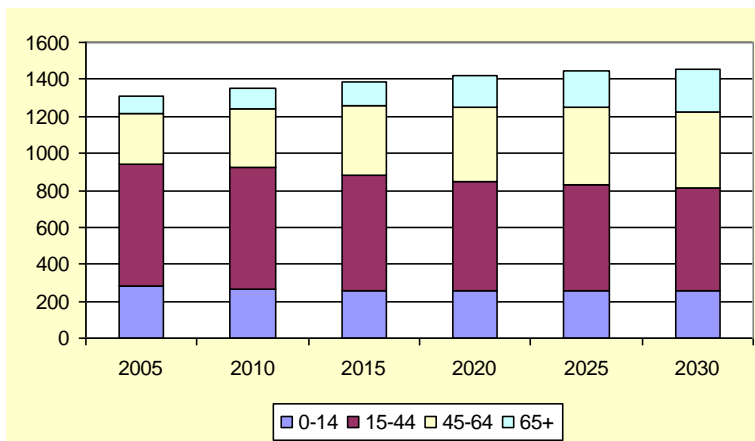
In the OECD countries, the estimated China-born population 15 years and older is about 2.1 million, of which 1.1 million are women and 980 thousand are men.^{xxxii} Of these, 73 percent are from 25-64 years of age, 15 percent are 65 and over, and 12 percent are from 15-24. By employment status, 55 percent are employed, 4 percent unemployed, and 42 percent inactive. Among men, 63 percent are employed, 4 percent unemployed, and 34 percent inactive; among women, 48 percent are employed, 3 percent unemployed, and 49 percent inactive. Of total migrants, 41 percent have tertiary education, 26 percent secondary education, and 33 percent primary education. About 53 percent of migrants to OECD from China have been there for 10 years or more, 21 percent from 5 to 10 years, and 26 percent within the past five years.

Demographic

As of 2007, China had an estimated population of 1.3 billion – the largest in the world. But population growth in China has slowed down and remained low since the 1970s upon its adoption of the “one-child policy”, and is expected to average 0.42 percent per year to 2030. Of the total population, about 78 percent are of working age (15 years old and over); only 50 percent are in the young 15-44 working age group, however, and this group’s size is expected to decline in both absolute number and as a share of total population to 2030 (Figure 2.7).^{xxxiii}

The decline in population growth has been accompanied in the last three decades by extraordinary economic growth and the rapid transformation of the economy. Growth was mainly concentrated in the coastal provinces, generating employment opportunities there, and resulting in vast migration of workers from rural inland areas. In 2005, there were an estimated 50 million inter-provincial migrants in China.^{xxxiii} The average age of these migrant workers is 29.^{xxxiv} The Chinese government has reportedly decided in 2008 that the “one child policy” will be kept for at least another decade. The rapidly declining youth population, especially if combined with economic growth at or near its current level in the lead up to 2030, will mean demographic pressure will not be an important factor influencing future overseas migration from China.

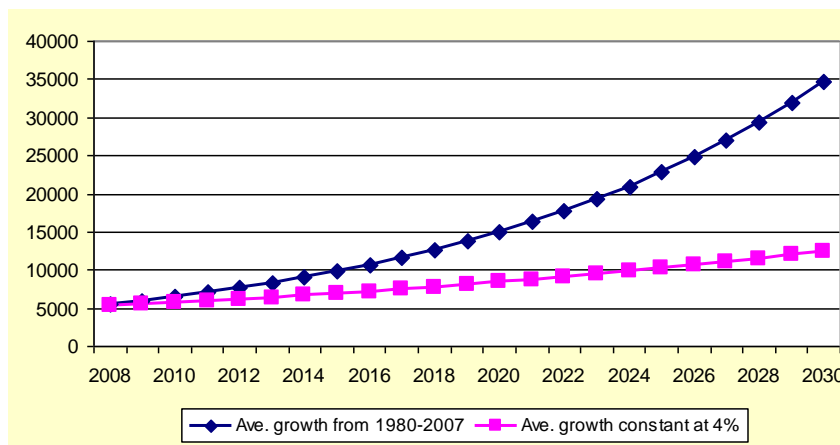
Figure 2.7. Projected China Population by Age Group (Millions)



Economic

China is the pre-eminent economic success of the past three decades. Its economy has been growing at or near double-digit levels since the late 1970s that has enabled it, according to the World Bank, to lift more than 500 million out of poverty.^{xxxv} If it can maintain the pace of its economic growth in the future, then by the end of this decade it will already reach the per capita income levels of Thailand and Korea when migration from those countries declined rapidly (Figure 2.8). Even if its per capita growth slows down substantially to 4 percent a year, it will still attain those levels by the middle of the next decade. In fact, China is on pace to attain the current income level of Korea, recently classified as a developed country, by 2026.

Figure 2.6. Per capita China GDP under 2 scenarios (PPP\$ 2005)



The main economic issue besetting China which may have a future impact for international migration is the high degree of inequality in the country, particularly between urban (mainly coastal) and rural areas.^{xxxvi} It has been claimed that rural-urban income inequality in China is the most severe in the world.^{xxxvii} Many people still have not benefited or have benefited very little from China’s rapid economic expansion, which has resulted in a strong economic push for rural-urban migration within China. To try and address this issue and stem potential social resentment, the government is pursuing a so-called “harmonious society policy agenda”, which seeks to improve economic and social conditions in rural areas and improve the social provision of education and health services in these areas.^{xxxviii} The policy agenda is said to have had some initial success.^{xxxix} The extent to which that success can be maintained will determine the eventual impact on international migration from China.

Meanwhile, an increasing number of young Chinese are pursuing their education in the OECD countries and many are choosing to stay and work there. As China’s economy continues to prosper, many more families will be able to afford to send their children for overseas studies. In 1990 it was reported that the number of Chinese students studying abroad was only 2,950. By 2000 their numbers had reached 38,980 and two years later their numbers jumped to 125,179. China’s prosperity itself probably means that it will be increasingly more attractive for students to

go back to China, but some will choose to remain abroad, assuring a steady stream of highly educated migrants from China to some of these countries.^{x1} In the near term, one could also expect that labour migration from China will continue to Japan and Korea – which are currently more prosperous, where Chinese diaspora communities are already large, and with which it shares strong cultural and ethnic affinities.

Political

The progress of democratization in China is bound to have a large impact on emigration flows. Many observers see the progressive separation of the economy from state control and the rapid growth of an urban middle class as signs of an inexorable movement towards a more democratic state. While the Communist Party still holds a monopoly on power decision-making has largely been transferred to the State Council and its many instrumentalities which are in the hands of technocrats. If this expectation becomes a reality it is likely that China will first go through a period of rising net emigration as state controls over migration are relaxed, then as per capita incomes rise and democratic reforms take firmer hold emigration pressures should abate.

Two long-running ethnic tensions in China that have led – and might lead to larger – asylum outflow from the country if they get out of hand are the ones with the Tibetans and the Muslim Uighurs of Xinjiang. According to the UNHCR, at the end of 2007 there were more than 20 thousand Tibetan refugees (mostly in Nepal) and more than 160 thousand other refugees and asylum seekers from China. Of China's non-Tibetan refugees, 45 thousand are in the US and 15 thousand are in Canada. Since their points of conflict are in deep-rooted cultural and religious differences, these tensions are unlikely to completely dissipate due to economic prosperity alone, and will likely depend more on how much more tolerant the Chinese government will be in the future. In a scenario of escalated conflict and massive outflow, Tibetan refugees will still more likely go to Nepal and other adjacent countries. The US and Canada, which already have a large population of migrants and refugees from China, are likely to attract other refugees and asylum seekers who are unhappy with the country's political administration.

Environmental

China faces myriad serious potential natural and man-made environmental events that could lead to large scale displacement of its people. Population density in coastal zones in China is more than 5-times the level of non-coastal zones, and total population in coastal zones is increasing at more than 2 percent per year mainly due to in-migration.^{xii} According to the OECD, just from China's main port cities, 10 million people are currently vulnerable to flooding, and this figure rises to 11 million if global sea-level rise and storm enhancement due to climate change, plus natural subsidence of land is taken into account, and increases further to 14 million if the effect of man-caused subsidence of land is added.^{xiii} The Yellow River, along which 87 million people reside, is said to be in danger of flooding from silt and storm surges, and could displace all those people.^{xiii} The construction of the Three Gorges Dam in the Yangtze River is said to be displacing 1.2 million people.^{xiv} Hundreds of millions of people are also said to potentially suffer from large-scale reduction of glacial meltwaters.^{xlv} While the potential number of people that

maybe displaced in China due to environmental factors is huge, it is unclear that the displacement will be to an overseas location. If the recent earthquake centered in Sichuan province, which took the life of 70 thousand people and displaced a reported 15 million, is taken as an example, then relocation will happen within China and will be organized by government.

Summing up

Out-migration from China has historically been driven by economic, political, and socio-cultural factors.^{xlvi} The rapid economic expansion it has been experiencing in the past three decades has reduced the economic imperative for external migration – although it has increased it for internal migration. The Chinese government is now perceived to be much more transparent and liberal than it used to be – although nowhere near the level of more developed democracies, and the potential for ethnic unrest is still very much present. The potential of the same economic and political factors to influence future outward migration depends on the extent to which it succeeds in making economic development in the country more spatially equitable, and to the degree to which government moves towards greater transparency and democratization. The declining population of younger working age people and China’s continued espousal of a one-child policy means that the demographic push will not be strong. Dire environmental scenarios, if they come into fruition, will likely lead to massive displacement, but most probably only internally. In the near term, however, a steady stream of migration will continue to occur in countries such as Japan and Korea, which are currently richer and which shares ethnic and cultural affinities with the Chinese. The increasingly significant migration to Russia from bordering provinces of China is also likely to continue in the immediate future. The flow of Chinese youth who will go to the US or Canada or the UK to study and remain there will likely continue, possibly increase in the short term as more families are able to afford to send their kids there, but might eventually decline in magnitude as China becomes more prosperous and demand for high-skilled workers continue to rise.

3. Summary and conclusion

Outward migration from China and countries of Southeast Asia has a long history and, in recent times, has picked up due to labour market opportunities in many developed – or simply more developed – countries. The long history of migration means that considerable migrant networks now exist, for example, from the Philippines to the US, from China to Korea and Japan, and from Indonesia to The Netherlands. China and Philippines are among the top 10 main sending countries to OECD countries. The presence of such networks and the still wide disparity in income between these countries and their main destinations will ensure that in the short run, at least, the same migration streams will continue.

There are important demographic, economic, political, and environmental factors that could play a role in shaping future migration from this region. Table 1 gives a summary in matrix form of these factors by country. Population growth is still high in the Philippines, which means its population of young people who comprise the majority of its annual migrant flow will grow strongly in the medium term, likely exerting strong pressure for outward migration if economic

opportunities in the country do not keep up. The demographic outlook in China and Indonesia are different, as these two countries have been able to reduce their population growth to replacement or below replacement levels, reducing future outward migration pressure.

The three countries – especially China – have attained recent economic success, that if continued would likely reduce the economic push for migration if not immediately, then in the period leading to 2030. However, these are predicated on some conditions: that China is able to make the distribution of the benefits from its economic growth more equitable; that Indonesia is able to generate economic growth that is more employment intensive, especially of low-skilled type; and that the Philippines is able to extricate itself from its long history of boom-bust economic growth.

There are pockets of ethnic unrest in each of the three countries that are currently mainly dormant, but should they escalate, will most likely have an impact on outward migration to nearby countries – from southern Philippines to Malaysia, from Indonesia to Malaysia or perhaps Australia, and from China (Tibet) to Nepal. China, Indonesia, and the Philippines have a large tract of coastal areas that house a large portion of their population, and that thus make them vulnerable to sea level rise due to climate change, more frequent and intense storms, and natural and anthropogenic subsidence of land. They are also prone to earthquakes and river flooding, and in the case of Indonesia and the Philippines intermittent volcanic eruptions. The impact of these for outward migration will likely depend on their scale, but in recent episodes of environmental disasters, such as in the Tsunami of 2004, or in the Sichuan earthquake of 2008, displacement was almost entirely internal.

Table 1. Factors That Might Impact Future Outward Migration in China, Indonesia, and the Philippines

Country	Demographic		Economic		Political		Environmental	
	+	-	+	-	+	-	+	-
China	-large migrant networks in other countries	- low population growth rate especially among young - continuation of one-child policy	- fast rising pc incomes impacting on migration in medium-term; -high income inequality between rural and urban areas and coastal and inland provinces	- high growth in past 3 decades that if sustained will push it to developed country status within two decades	- ethnic unrest in Tibet and Xinjian - undemocratic political environment	- democra-tization processes likely to gain strength with growing urban middle class, globalizatio n, etc	-rise in sea level due to climate change -prone to natural disasters like earthquakes and river flooding	
Indonesia	-large migrant networks in other countries especially in Malaysia, The Netherlands, Australia	- declining population growth	- high unemployment rate;	- consistent economic growth in past 7 years	- risks of ethnic animosities being stirred up (e.g. against Chinese Indonesians); - revival of independence movement in Irian Jaya	-conflict in Aceh remains dormant	-rise in sea level due to climate change -prone to natural disasters like earthquakes, volcanic eruptions, and tsunami	

Philippines	-high population growth esp. growing young cohorts; - increasing number of tertiary-educated; -large migrant networks in other countries		- poor history of sustaining economic growth for long periods (boom-bust history)	- relatively high economic growth in past 6 years - vibrant business process outsourcing industry	-poor quality of governance and political institutions - armed conflict with separatist Muslim group in Southern part of country near Malaysia		-rise in sea level due to climate change -prone to natural disasters like volcanic eruptions, earthquakes, and typhoons	
+ (factors that could increase outward migration); - (factors that could reduce outward migration)								

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ⁱ Recently registered worker emigration exceeded 600,000 a year from Indonesia and slightly over a million from the Philippines.

ⁱⁱ Around PPP\$ 6,000 – 7,000 in constant 2005 prices.

ⁱⁱⁱ Rural-urban income gap is estimated to be highest in the world. One official report mentions an average income of 3,465 Yuan in rural areas, or just about a third of average urban incomes.

^{iv} The Moro Islamic Liberation Front as well as a breakaway faction from this group – the Abu Sayyaf.

^v More than 90% of the country's population are Christians.

^{vi} Nichols *et al.* (2008).

^{vii} *Ibid.* This uses current population instead of projected population.

^{viii} The Philippines makes a distinction between those employed on board ocean-going vessels (as seafarers or so-called sea-based workers) and those employed elsewhere (so-called land-based workers). Filipino migrant workers have to register their contracts with the Philippine Overseas Employment Administration before they can leave the country, a measure aimed at enforcing minimum standards. This requirement applies equally to those going for the first-time (so-called “new-hires” who numbered 313 thousand in 2007) and re-hires. The distinction between new and re-hires is not made in the registration data for seafarers.

^{ix} Information in this paragraph are from OECD (2008).

^x This corresponds to the last two census years.

^{xi} This is mainly because of high total fertility rate.

^{xii} Network effects are evidently important in explaining the growth of Filipino migrant population in the US.

According to the US Bureau of the Censuses foreign-born Filipino population in the US rose from 104,843 in 1960 to 501,440 in 1980, 912,670 in 1990 and reached 1.638 million in 2007. For an attempt to include network effects among the determinants of migration see Abella and Ducanes “Is Transnationalism a new paradigm for development?” in “Migration and Development: perspectives from the South” Castles, S. and Delgado-Wise, R. (eds.) International Organization for Migration, Geneva (2008).

^{xiii} De Dios (1999)

^{xiv} Value added tax rates were raised and the strong peso reduced the cost of servicing external debt. Debt repayments accounted for close to 40 percent of the government budget.

^{xv} In 2005 it was reported that Philippine software exports, much of which is accounted for by outsourcing, reached US\$400 million. The industry has recently grown at 22 percent a year.

^{xvi} No scores were available for Lao PDR and Cambodia, however.

^{xvii} Human Development Network (2005).

^{xviii} Such as in Ormoc, Leyte in 1991 in which massive flooding because of torrential rains displaced 2,700 families and killed about 5,000 people.

^{xix} Hugo (2007)

^{xx} *Ibid.*

^{xxi} The share by destination is computed from the Global Migrant Origin Database of the University of Sussex and the World Bank, which was for around the year 2000, includes non-workers, but had a much lower estimate of the migrant stock from Indonesia at only 1.8 million. No breakdown is available for the stock cited by the Indonesian Ministry of Labour.

^{xxii} Ananta and Arifin (2008) citing government figures. In 2006, 48 percent went to East and Southeast Asia (32 percent to Malaysia) and 52 percent went to West Asia.

^{xxiii} *Ibid.*

^{xxiv} Jakarta Post (2008)

^{xxv} Government figures

^{xxvi} World Bank. World Development Indicators Online.

^{xxvii} From February to May 1998 during the height of the Asian financial crisis the Indonesian Chinese again became the scapegoats for rising food prices and violent attacks against them occurred in many cities throughout Indonesia including Jakarta. Many Chinese Indonesians sought asylum in Australia during the period. See

<http://www.unhcr.org/refworld/country,...CHRON.IDN..469f389bc.0.html>

^{xxviii} OCHA Indonesia (2005).

^{xxix} Brown (2008)

^{xxx} In the database there were only 20 thousand Chinese in Russia. But according to one Russian migration researcher, there are about million Chinese migrants in Russia and 211 thousand in 2006 alone (Ryazantsev, 2008).

^{xxxi} Information from this paragraph are from OECD (2008).

^{xxxii} To about 38 percent in 2030.

^{xxxiii} Wang (2008).

^{xxxiv} *Ibid.*

^{xxxv} At the \$1-a-day poverty line

^{xxxvi} Rural-urban inequality itself is not expected to lead to international migration, but rather the internal conflict that might result from social resentment in the inequality.

^{xxxvii} Lin (2003)

^{xxxviii} EIU (2008)

^{xxxix} *Ibid.*

^{xl} In 2003 some 20,150 students returned to China when some 117,000 were studying abroad.

^{xli} McGranahan and Tacoli (2006)

^{xlii} OECD (2008). Port cities counted are Dalian, Fuzhou Fujian, Guangdong, Shenzhen, Hangzhou, Ningbo, Qingdao, Shanghai, Tianjin, Wenzhou, Xiamen, Yantai, Zhanjiang.

^{xliii} Pearce (2006).

^{xliv} Human Tide: The Real Migration Crisis

^{xlv} *Ibid.*

^{xlvi} Socio-cultural ties meaning its close ethnic links to countries like Japan and Korea, but also including the network effect of many Chinese communities elsewhere in the world.