

Taiwan's Labor Migration Policy and the Impact of the Financial Crisis on Migrant Workers*

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An Overview of Labor Migration Policy in Taiwan

In the 1990s, Taiwan faced various challenges pertaining to international migration issues. During this decade, the government started to introduce a system to import foreign workers. Taiwan specifically adopted a temporary guest-worker program to avoid permanent immigration. The development of labor migration policy, the phenomenon of foreign brides in the late 1990s and the emergence of more and more organizations lobbying for migrants' rights pose many challenges to Taiwanese society.

Taiwan's acknowledgement to bring in foreign workers came after many years of not acting on it. During the 1960s and 1970s, due partly to waves of internal migration; the economic miracle of Taiwan began through labor intensive industries such as manufacturing of shoes and umbrellas, textiles and garments. However, along with economic development came other changes in Taiwan's labor market and society as a whole: the increase in the proportion of the population in school, rise in income, decline in the labor participation rate and the rapid liberalization of many aspects of society. Other factors contributed to the rise of production costs in Taiwan, which include surging costs of land and raw materials, demands from labor unions, environmental protection regulations and the sharp rise of the Taiwanese currency (Tsay, 1995).

Consequently, given the pressures of increased global economic competition, Taiwanese industries could no longer rely on their comparative advantage of cheap labor and low operation costs. As lower wages and low-cost development in China began to emerge, Taiwanese businessmen began to move their investments to China. The end of the 1980s saw the Taiwanese currency appreciate and, with it, an expansion of the underground economy. Many public construction projects mushroomed and employers took the opportunity to press the government to increase the hiring of migrant labor, on the pretext that there was a serious labor shortage. According to the document "Measures in Response to the Demand for Manpower in Fourteen Major Construction Projects," the Administrative Yuan began to import Thai workers in 1989. The adoption of the Employment Service Act in 1992 affirmed Taiwan's migrant worker policy.

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It should be noted, however, that during the 1980s, many migrant workers from Southeast Asia were already working in Taiwan. Majority of them were Malaysians, Filipinos and Thais. There were also workers from Bangladesh, Pakistan and Sri Lanka. However, most of them were working irregularly, having entered Taiwan on tourist visas. According to Tsay (1995), there were about 50,000 to 100,000 irregular migrant workers at that time.

Prior to the enforcement of the Employment Service Act in 1992, the state had already started to eliminate irregular migration. For three years, beginning in 1991, the Labor Bureau, in cooperation with the police, relentlessly cracked down on irregular migrants. By 1992, an amnesty program for irregular immigrants was announced. The aim was to eradicate irregular foreign workers who have been staying in Taiwan. As of August 1994, 75,000 irregular migrant workers had been deported (Kung, 2002).

The Employment Service Act of 1992 differentiates blue-collar migrant workers from white-collar laborers. The employment of professional white-collar¹ foreigners is regulated by a system of individual permits. There is no quota for the number of work permits issued each year, nor is there a limit in the duration of the contract and stay. Blue-collar workers, however, are regulated by the “guest worker” system and controlled by quota system: which means that the workers have to leave Taiwan every three years. The worker can work in Taiwan for the maximum number of nine years at the most. Their status is different from highly-skilled white-collar workers, who can freely change jobs. At the same time, they are not allowed to change employers, except under extraordinary conditions.

Taiwan government established four basic principles for the migrant workers policy: a) to ensure that migrant labor is only a supplementary labor force; b) to prevent migrant workers from becoming de facto immigrants or long-term residents; c) to prevent migrant workers from creating social and public health problems; and d) not to interfere and slow down the industrial productions.

Guided by these four principles, Taiwan’s administrative system of migrant workers has the following characteristics:

¹ According to Article 46, professional white-collar foreign workers are in one of the following categories: those that require special and technical skills, managerial positions at business enterprises which invested by overseas Chinese or other nationals, teachers at educational institute for foreign residents, language teachers, coaches, athletes, and work related to religion, art, and show business.

1. The government regulates which industries can hire migrant workers, as well as the number of laborers to be tapped.
2. Migrant workers are allowed to work in Taiwan only for a limited period. After a maximum stay of three years, migrant workers must leave Taiwan for at least a day so that they cannot be eligible to apply for permanent residency. After completing the maximum number of 9 years stay in Taiwan, migrant workers cannot anymore return to Taiwan for another work contract as migrant worker.
3. Migrant workers must submit police clearance and pass the routine health check-up. Before and after coming to Taiwan and every year thereafter, low-skilled workers have to submit health clearances issued by hospitals approved by Taiwan's Department of Health. If the health check-up fails, they cannot renew their work permits and will be deported. Before obtaining work visas, migrant workers have to prepare police clearance from their respective country of origin.
4. Migrant workers have limited mobility. They have to reside in the dormitories provided for them by the employer. Migrant workers are not allowed to change employers unless their factories closed down as in the case of factory workers or the patient/ward died as the case maybe for caregivers and if the worker suffers maltreatment such as physical or sexual abuses.
5. The employment of migrant workers is controlled by quota system. By law, in cases where the hired migrant worker runs-away, the employer loses his/her quota. This kind of legal system leads employers to "have control over" migrant workers by confiscating their passports, "forced saving plans," or by restricting migrant workers' social activities during their days-off and vacation.² Such strategies adopted by employers often violate the rights of migrant workers.
6. Migrant workers are recruited by private agents. The complicated process to import migrant workers, along with the quota system and the pressure of competition among brokers, lead agents/brokers to add up the costs of the hiring process to the migrant workers. High broker's fees are the most obvious and direct form of exploitation of migrant workers in Taiwan. According to statistics provided by the Taiwanese government, a migrant worker has to pay broker's fee of NT\$110,000 to NT\$150,000 (\$3,438 to\$4,688) before he/she can come to Taiwan.
7. Migrant workers are not allowed to have family reunification. Foreign blue-collar workers are not allowed to marry or bring their families in Taiwan. The period of their legal stay also does not qualify for the application for naturalization.

² Almost all employers deduct a part of the workers' salary (NT 3,000 or US\$90) every month, till the time the workers finish the contract and return home; the deducted money is returned to them on their departure day.

8. Foreign domestic workers are used to cover gaps in Taiwan's safety nets. Taiwan's welfare system has not been well designed for an aging society, which results in the continuous demand for foreign domestic workers/caregivers. According to the Council of Labor Affairs, the average daily working hours of foreign caregivers is as high as 12.5. Long working hours and low wages signifies the defects in Taiwan's healthcare system. The Council of Labor Affairs, in April 1998, once sought to broaden the application of the Labor Standards Law to include domestic workers, but withdrew the proposal in January 1999. Without the protection of the Labor Standards Law, domestic workers do not have guarantees in working hours, sick leaves, vacation and other working conditions, nor do they have a fixed job description.

Taiwan's policies assign migrant workers with guest worker status, thus they cannot stay permanently. Low-skilled foreign workers merely supplement the local Taiwanese labor force and are guests in the society. The structural controls on migrant workers, which also include the prohibition of forming labor unions, renders migrant workers silent when confronted by manipulative structures. This so called new slavery system and the lack of legal protection of migrant workers has relegated Taiwan to Tier-2 watch list of the United States' 2005 and 2006 *Trafficking in Persons Report*. In 2007-2009, Taiwan has been relegated to Tier-2 of the same report.

The Situation of Migrant Workers

In May 1992 with the implementation of "The Employment Service Act" the Taiwanese government officially started the policy of importing foreign labor force from several Asian countries namely: Thailand, Philippines, Malaysia and Indonesia. In addition, Taiwan also searched other countries like Indonesia (1996), Vietnam (1998) and Mongolia (2004) as new source of migrant workers. Originally, the migrant workers were invited in to solve the so-called "labor shortage," However, there was no real labor shortage but it was simply the employers who wanted cheap labor because the local laborers were no longer willing to perform the so called "3 D's: difficult, dirty and dangerous" jobs under the old unpleasant conditions.

The categories of blue-collar workers allowed to enter are:

- 1) Caregivers / Domestic Helper
- 2) Factory Worker
- 3) Construction Worker
- 4) Fishermen

The number of foreign workers has been growing steadily. As of November 2009, there were 349,433 blue-collar foreign migrant workers in Taiwan, which accounts for 1.5 percent of the total population and 3.2 percent of the total labor population. As shown in Table 1, about half of all blue-collar migrant workers are caregivers, while 48 percent are in the manufacturing industries. The majority of migrant workers come from Indonesia while the other migrant workers are from Thailand, the Philippines and Vietnam whose number range from 60,000 to 80,000. Malaysia, which used to be a source country of origin in the 1980s, has ceased to be a major sending country of workers to Taiwan.

The Plight of Foreign Spouses

Since the 1990s, the number of intermarriages between Taiwanese nationals and foreigners has increased. About one in every five marriages in Taiwan is between a Taiwanese man and a foreign woman. The Ministry of the Interior said that as of September 2009, there were 426,297 foreign brides, of whom 271,054 were from Mainland China (Table 3). These women are usually married to Taiwanese men who are relatively less well-off and who would otherwise find difficulty in marrying local women. This relative lack of economic resources means that foreign brides face great economic pressures in Taiwan. Many foreign brides end up as nurses, caregivers or full-time homemakers. Since they are mostly from economically less prosperous regions in the Chinese Mainland or Southeast Asia, they tend to be stigmatized in mainstream society.

Table 1. The Number of Blue Collar Migrant Workers in Taiwan since 1992

Unit : Person , %

At year-end	Total	Migrant Workers in Productive Industries					Migrant Workers in Household Service			
		Total	%	Fishmen	Manufac- ture	Constru- ction	Total	%	Caregiver s	Domesti- c
1992	15,924	15,255	95.80	70	8,722	6,463	669	4.20	306	363
1993	97,565	90,040	92.29	426	72,327	17,287	7,525	7.71	1,320	6,205
1994	151,989	138,531	91.15	1,044	109,170	28,317	13,458	8.85	4,257	9,201
1995	189,051	171,644	90.79	1,454	132,636	37,554	17,407	9.21	8,902	8,505
1996	236,555	206,300	87.21	1,384	162,482	42,434	30,255	12.79	16,308	13,947
1997	248,396	209,284	84.25	1,144	165,534	42,606	39,112	15.75	26,233	12,879
1998	270,620	217,252	80.28	1,109	168,197	47,946	53,368	19.72	41,844	11,524
1999	294,967	220,174	74.64	993	173,735	45,446	74,793	25.36	67,063	7,730
2000	326,515	220,184	67.43	1,185	181,998	37,001	106,331	32.57	98,508	7,823

2001	304,605	191,671	62.92	1,249	157,055	33,367	112,934	37.08	103,780	9,154
2002	303,684	182,973	60.25	2,935	156,697	23,341	120,711	39.75	113,755	6,956
2003	300,150	179,552	59.82	3,396	162,039	14,117	120,598	40.18	115,724	4,874
2004	314,034	182,967	58.26	3,089	167,694	12,184	131,067	41.74	128,223	2,844
2005	327,396	183,381	56.01	3,147	166,928	13,306	144,015	43.99	141,752	2,263
2006	338,755	184,970	54.60	3,322	169,903	11,745	153,785	45.40	151,391	2,394
2007	357,937	195,709	54.68	3,786	183,329	8,594	162,228	45.32	159,702	2,526
2008	365,060	196,633	53.86	4,865	185,624	6,144	168,427	46.14	165,898	2,529

Sources: Statistic Book of Employment and Vocational Training Administration, Council of Labor Affairs

Table 2: The Population of Blue Collar Migrant Workers in Taiwan (November,2009)

Country of Origin Industry				Thailand	Indonesia	Philippines	Vietnam	Malaysia
Total	349,433	Men	Women	61,616 (17.6%)	138,538 (39.6%)	71,310 (20.4%)	77,957 (22.3%)	10 (0.0%)
Manufacturing	168,709 (48.3%)	128,069	221,364	57,567	13,247	48,665	47,383	10
Construction	3,239 (0.9%)			2,742	16	117	364	-
Fishery	6,337 (1.8%)			19	4,935	955	428	-
Caregivers and Domestic Workers	174,387 (49.9%)			1,307	120,340	22,528	30,210	-

Sources: Statistic Book of Employment and Vocational Training Administration, Council of Labor Affairs

Table 3: Foreign Brides in Taiwan (2004 –September, 2009)

Years	Total Number of Marriages	% of International Marriages e
2004	336,483	23.82
2005	364,596	20.14
2006	383,204	16.77
2007	399,038	18.29
2008	413,421	14.03
Sept 2009	426,297	20.09

Source: Ministry of the Interior (2009), Executive Yuan, Taiwan,

[http:// www.moi.gov.tw/stat](http://www.moi.gov.tw/stat), re-compiled by the author on 12 December 2009

Since the outbreak of the Cold War in the early 1950s and due to the historical and ideological gap created by the defeat of the Chinese Nationalist Party, the Taiwanese people have had a difficult time understanding their neighboring countries like China, Philippines, Vietnam and the rest of Southeast Asia. The shift of power in year 2000 to the Democratic Progressive Party (in 2008 the Nationalists regained power) did not change much of this geopolitical ignorance. Many Taiwanese believe that people from the “sending countries” or the 417,000 or more migrants are from poor, backward disease-ridden and inferior nations.

This might partially explain why, in general, both Taiwanese husbands who marry foreigners, and their immigrant wives, are often objects of social stigmatization and discrimination. On the one hand, Taiwanese husbands of foreign nationals have been depicted as belonging to an underprivileged social class and are potential recipients of the social welfare system. Being poor, old, disabled or mentally disturbed, these men are perceived to be “losers” in the domestic marriage market who have to seek women from the “inferior” foreign nations. On the other hand, the immigrant wives have been pictured either as extremely vulnerable victims or greedy foreign gold diggers who use marriage as a stepping stone.

Instead of categorizing them as “immigrants,” it must be emphasized that it is necessary to work well with all members of international families, Taiwanese husbands and in-laws of the foreign brides in particular and the second generation in general. The stereotype framework of “abusive Taiwanese husband” and the “innocent immigrant wife” is problematic as it continues to stigmatize international families while failing to account for complex realities. I argue that it is important to read these complexities outside the traditional family setup. It is crucial to situate views of the family in their social and historical context, and to see how economic and political forces at the macro level could have structured family struggles at the micro level. The public dimension of the private family domain, thus, must be considered.

The Financial Crisis and Migrant Workers in Taiwan

While the 1997-1999 Asian financial crisis did not substantially affect the flow of migrant workers to Taiwan, the current global economic downturn may have deep-reaching negative effects on both white and blue collar migrant workers in the country.

White collar workers are traditionally absent in labor organization and industrial disputes. The number of foreign white-collar workers remained relatively steady at 25,000 to 30,000 in recent years, peaking to 29,336 at the end of 2006. The global recession, which led foreign-based companies to cut production plans, reduce their hiring budgets or shelve hiring

plans. The number has gradually decreased since 2007. (Table.4) Facing the economic downturn, Taiwan-based companies may have also tightened their belts by freezing the hiring of expensive foreign executives. The job category of white collar foreigners that showed the greatest decline last year was the professional skilled workers, which dropped from 17,254 in 2007 to 14,428 in 2009.

Table 4 : The number of Effective Employment Permits for White Collar Foreigners

	Nov. 2009	Nov. 2008	Nov. 2007
Total	25,404	27,353	28,378
1.Special Skilled Professions	14,428	16,062	17,254
2.Cram(Supplementary) school teachers	5,799	5,847	5,991
3.School teachers	2,327	2,298	2,209
4.Manager/Executive of a business invested	1,489	1,639	1,430
5.Religions,artistic,and entertainment	1,312	1,453	1,455
6.Sports coach and Athletes	49	54	39

Sources: Statistic Book of Employment and Vocational Training Administration, Council of Labor Affairs.

Since the middle of 2008, the global financial crisis has slowed the demand for products made in Taiwan. Hence, many workers including migrant workers were facing unemployment. There are more and more factories implementing a new “Unpaid Leave” policy that the Taiwan Government backed up. On 15 December, 2008, the Council of Labor Affairs (CLA) started to support the policy *de facto* by issuing a standardized contract copy that must be signed between the employers and the employees should they would manage to reach an agreement on further working hour/wage reductions. The CLA also announced that it would review and restrict the policy of migrant workers’ recruitment on 17 December 2008. On 26 February 2009, it suspended the policy to recruit migrant workers for all three-shift factories.

As a result of our observation, more Vietnamese were laid off among the different nationalities of migrant workers. After paying broker’s fee of \$6,000 to \$7,000 and then hired, they were laid off after two or three months in their job. Some local businesses have been putting their local workers on unpaid leave and have been claiming to replace them with migrant workers. The migrant workers then become victims of exploitation as businesses have been conniving with brokers to supply them with migrant workers and the brokers continue receiving broker’s fee. While the migrant workers themselves are at risk of being dismiss at any time. Migrant workers do not have much choice. For the few fortunate ones,

they could find new employers and be allowed to stay. For the majority, the reality of being sent home with huge debts resulting from exorbitant broker's fees beckons. The alternative, then, is to "run away" and form part of the undocumented workforce. The system "forces" them to become irregular workers.

"Unpaid Leave" and "No Work, No Pay" Policies

According to a CLA survey in December 2008, 23 percent of local factories, which hire more than 200 employees on average, implemented the "Unpaid leave" or "No Work, No Pay" policy in order to survive the economic downturn. About 202,000 workers were affected by the "Unpaid Leave" policy. Among them, 56.9 percent were those working for electronics manufacturers and most of them are migrant workers. The average duration of unpaid leaves is four days a week.

Migrant workers are subjected to systematic exploitation in Taiwan. They have been considered "cheap" and "replaceable" the very reasons why employers want to employ foreign labor. Migrant workers are prohibited from moving freely in the job market. They cannot choose their employers and their wages are lower than that of local laborers. Even though they are entitled to the same minimum monthly wage of NT\$17,280, their actual income is lower because the cost of board and lodging which range from NT\$2,000 to NT\$5,000 are deducted from their salaries. When the economy is good, they are let in; when it is bad, they are kicked out, so to speak. This is very irresponsible and poses a big challenge for the society as a whole.

Compared to 2008, the total number of migrant workers dropped from 370,000 to 340,000 as of November 2009. The decrease has been evident in the manufacturing sector. According to the Manila Economic Culture Office in Taiwan, nearly 2,500 Filipinos workers were laid-off and sent home between November 2008 and January 2009. While Hope Workers' Center has estimated about 5,000 Filipinos were fired during the same period.

Foreign Workers Becoming the Scapegoat

The rising number of people thrown out of work or taking unpaid leaves has prompted many labor associations and even government officials to consider the reduction of foreign labor as the solution to this problem. Under poor economic circumstances, foreign workers easily become the scapegoats. The debate over whether foreign workers have stolen jobs from local workers has been going on for more than 20 years, both in Taiwan and in other countries. This issue has resulted in a cleavage between foreign and local workers.

We believe that, neither the local workers nor the migrant workers are at fault, but it is government and private sectors who are trying to divide them into two groups.

Some lawmakers have already said that many companies are putting domestic employees on unpaid leave and giving overtime to foreign workers. Protectionist policies can contribute to an environment that breeds xenophobia because the impact of the crisis is very strong and people are competing for jobs. The government would be very short-sighted should they start pointing fingers at the migrant workers for being responsible for the current state of economic affairs. The government needs to take a holistic view of the situation to help solve the economic downturn. The solutions they have come up with so far are not the answers.

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