

ISSUES PAPER – DAY 2

This paper aims to provide some brief context for session III and to pose some questions which participants may want to address in their interventions and presentations. It is by no means comprehensive, but simply a tool to aid discussion.

Participants may also wish to consult a further background document “So how big is it? Extracting Mode 4 from broader groups of temporary workers”

OECD/IOM/WORLD BANK

SESSION III: MANAGING THE IMPACT OF TEMPORARY FOREIGN WORKERS ON COUNTRIES OF ORIGIN AND DESTINATION

1. In terms of managing the impact of temporary foreign workers, three basic points should be noted:

- There are big differences between different types of temporary foreign workers. Within those covered by GATS mode 4, issues and impacts will vary. While relatively few concerns may be raised about business visitors and intra-corporate transferees; contractual service suppliers who are employees of foreign firms or who are independent professionals tend to raise more questions and foreign employees of domestic firms are also the subject of many concerns.¹
- Temporary foreign workers tend to be concentrated in certain (mainly high- and semi-skilled service) sectors – health, education (particularly higher education); information technology; hospitality and catering; construction; and agriculture – but the nature of the issues raised will vary amongst these sectors [World Bank, 2003].
- It should be recalled that the phenomenon of temporary foreign workers takes place in a context of many difficult and varied challenges for migration authorities. These include the management of family migration, asylum seekers and refugees, as well as the growing phenomenon of people smuggling and other forms of clandestine migration [OECD, 2002b]. These challenges, while not the focus of this meeting, form an important backdrop to it.

A. Concerns in receiving countries: labour market, social and security

2. In receiving countries, freer movement of foreign service providers can lead to concerns about their potentially negative impact on the level of employment and wages of their nationals. (A further concern, that temporary entry will lead to permanent migration, is the subject of session C below). While much of the attention is on flows from developing to developed countries, it is important to note that labour migration and Mode 4 movement are not limited to this. Migration between developed countries is also significant, and a number of developing countries are receivers of labour from other developing countries.

Wages and social security

3. The GATS provides considerable flexibility for countries to address concerns related to the impact on the employment of nationals, a flexibility WTO Members have freely exercised. 50 WTO Members' commitments provide for the application of domestic minimum wage laws, often coupled with other laws regarding conditions and hours of work and social security. 22 WTO Members have also reserved the right to suspend commitments in the event of labour-management disputes. Bilateral labour agreements likewise contain provisions on wages and working conditions.

¹ Not all WTO Members see foreign employees of domestic firms as being covered by GATS mode 4 (see separate paper “A Quick Guide to the GATS and Mode 4)

4. Many countries insist on parity of wages and conditions for foreign and national workers². Unions argue that wage parity is necessary to preserve hard-won working conditions and wage levels [Waghorne, 2003]. There are also concerns about the exploitation of foreign workers; once in a country with a higher cost of living, foreign workers have the same wage needs as everyone else and their country of origin is irrelevant. However, some developing countries argue that insistence on wage parity undermines their comparative advantage and that, from an economic point of view, in some cases wage gaps can be justified by their differing levels of productivity, skill and education. Others argue that wage parity per se is less of a problem than the costly administrative hurdle of employers having to demonstrate wage parity before hiring foreign workers [Chanda, 1999]

5. There are questions, also, about the extent to which wage requirements are enforced. It is difficult to control wage levels for foreign workers, and there are abuses and even cases of modern slavery. There is also emerging controversy about companies with foreign subsidiaries importing workers from the foreign company as intra-corporate transferees or contract service suppliers (who may not be subject to wage parity and other requirements – see paragraph 12 below).

6. The wage gap between the home and host country may also be such that the worker may be prepared to work for less than the average salary of national workers [Werner, 1996]. Further, when the worker's stay in the host country is conditional upon having a job, or is tied to a specific employer, s/he may be placed in a position of weakness vis-à-vis the employer.

7. Even where wage parity laws are enforced, some argue that foreign workers pose a competitive challenge due to differences in social security systems and contributions. Where work is sub-contracted out to a foreign company (e.g., in the construction sector in Germany), social security contributions for project workers are often paid through the foreign company according to the provisions in its home country [Winters *et al*, 2003]. However, some argue that this creates a competitive advantage for companies hiring temporary foreign workers, as their social security contributions may be lower.

8. However, while exempting foreign workers from national social security contributions raises competitiveness concerns, it is also inequitable to require foreign workers to contribute to social security programs from which they receive no, or minimal, benefits. One proposed solution is for social security charges from temporary foreign workers to be paid into separate funds and distributed to the family/community of the worker, or to be reimbursed upon return to their home country. Another idea [Winters *et al*, 2003] is to separate short-run social programmes (e.g., health insurance cover for the duration of stay) from longer-run special protection which temporary foreign workers do not need and for which they will not qualify (e.g., pensions). Workers contribute to short term programmes but, for the long run programs, are either refunded their contributions, or contribute at the home rates of the foreign worker (however, this does not solve the competitiveness issue outlined above).

Do foreign workers displace nationals? Do they drive down wages?

9. It is also argued that temporary foreign workers lower wages and working conditions and displace nationals working in the same industry. The issue of complementarities and substitution between foreign and domestic workers is a very complex one with nuances and differences according to activities,

² EU member countries, for instance, rules are very strict require foreign residents to be paid the same salary and to be granted the same level of social protections than nationals.

regions and nationalities [see Coppel *et al.* (2001) for a full review³]. In this context, some selective arguments will be recalled as a tool to aid discussion.

10. Some argue that foreign temporary workers are generally more a supplement to, than a substitute for, local labour. They are often brought in to fill a labour need, either relative (e.g., reflecting the economic cycle) or absolute (e.g., lack of qualified personnel) and may not necessarily exert downward pressure on wages. It is also argued that it may simply not be profitable for companies to hire temporary foreign workers solely instead of permanent staff as training represents an additional activity and expense for the firm. While temporary workers may make it possible to respond very flexibly to market needs, employers may have limited interest in letting experienced people go, only to have to re-train new recruits and incur learning-curve costs [Werner, 1996]. In the case of mobility of the highly skilled, firms insist that when they look for temporary foreign service providers, they do so not primarily for reasons of cost (lower wages), but in order to find the best qualified person to perform a task [OECD, 2002].

11. However, others argue that the availability of temporary foreign workers undermines pressures to address labour shortages through increased training of nationals or improvements in their pay and working conditions. For example, some have argued that temporary employment of foreign nurses undermines the struggle to improve conditions and wages for nurses - i.e., it prevents developed country governments from addressing the root cause of their nursing shortages. Companies applying to bring in temporary foreign workers can be required to demonstrate their commitment to the training and employment of nationals (e.g., in the Australian scheme).

12. Some have also questioned whether the availability of temporary foreign workers as contractual service suppliers creates an incentive for companies to seek savings by out-sourcing particular activities within the domestic market. This can include out-sourcing locally to foreign established companies who may be bringing in workers as intra-corporate transferees (i.e., potentially not subject to strict labour market tests or wage party requirements). This has been argued to result in job losses in national firms. (It could also be noted that the rise in off-shore out-sourcing, an easier and cheaper solution for some firms given the employment and security-related visa restrictions on temporary foreign workers, is also becoming increasingly controversial in terms of its impact on employment of nationals).

13. Others acknowledge that the adjustment stresses that mode 4 liberalization could engender could be both large and concentrated on a vulnerable section of society [Winters *et al.*, 2003]. Chaudhuri *et al.* [2003] note that the timing and extent of liberalization may need to be managed to ensure that existing compensatory schemes can cope and that, in the longer term, more active redistribution will be required to try to ensure that fewer nationals of developed countries are actually in sectors competing with foreign workers. They see this as involving education and training, as well as possible asset distribution. However, they argue that the challenges for mode 4 liberalisation are neither more nor less serious than those posed for less skilled workers by imports of labour-intensive goods from developing countries—a problem managed by policies to ease adjustment among local less skilled workers in developed countries. However, it should be noted that movements of lower-skilled between developing countries may pose challenges for countries with a more limited capacity to fund and implement adjustment policies for displaced locals.

³ Issues include, for example, whether new waves of temporary foreign workers compete with persons from former waves of migration, the degree of competition amongst unqualified workers and the extent of competition amongst all three of these categories in the context of high unemployment.

Are social adjustment costs better or worse for temporary workers?

14. Some argue that social adjustment costs are worse for temporary workers as they have no incentive to fit in the host country. The long run risks of extensive reliance on temporary work from abroad are the creation of ghettos of foreign workers with no strong attachment to the host country and no incentive to contribute to the local community life. Equally, temporary movement entails “turnover” costs, both for employing firms and society (e.g. in terms of recurring investment in firm-specific technical and limited social integration). However, others argue that temporary movement can avert some of the social and political costs of permanent migration. Assimilation problems are less likely with temporary migration and illegal immigration can also be reduced by the availability of an orderly process for legitimate temporary workers to come and go on a predictable basis. Some argue that movements under Mode 4 can be a partial substitute for permanent migration [Ghosh, 1998]; if temporary movement is made easier and more predictable, it can be preferable to permanent migration for the migrant.

Security considerations

15. Any attempt to facilitate mobility must confront today’s increased concerns about national security. Liberalised movement requires that security clearance be quick and reliable⁴. The challenge politically is to separate the security arguments from labour market or service export considerations. As [Winters *et al.* 2001] note, even national security has a finite price in terms of civil liberty and economic well-being. Economic efficiency does not require one to neglect security considerations, but to ensure that if tradeoffs are made between security and income, they are balanced.

Questions

- What are the market benefits for destination countries?
- How important is wage parity? What kinds of equitable solutions can be found regarding social security contributions?
- What is the impact of foreign workers on nationals? What kinds of tools can be used to manage these impacts?
- Are adjustment costs less for temporary foreign workers than other types of migration? What measures can be taken to facilitate integration and quality of life for temporary migrant workers while in a foreign country? Do these measures vary for various groups (i.e. between high- and low- skilled occupations)?
- How big a challenge is the new security context for facilitating movement?

B. Issues in the countries of origin: remittances, brain circulation and broader trade linkages

16. Although the impact of brain drain on some countries is undeniable, labour migration can also have positive repercussions for countries of origin – in particular through remittances (see below), but also by the acquisition by migrants of social and business networks, enhanced skills and financial resources. The potential benefits of migration for countries of origin are enhanced when migrants return (temporary or circular migration) or maintain links with their countries of origin.

⁴ In the United States, the National Academy of Sciences warned that critical research had been impeded by visa restrictions that had blocked or delayed foreign scientists. Theatre and music companies also claim to have repeatedly been forced to cancel or change performances because many foreign-born artists can no longer get visas [*Financial Times*, January 29, 2003].

Brain drain

17. Brain drain, or the emigration of highly skilled workers leading to skill shortages, reductions in output and tax shortfalls, is of significant concern to countries of origin. Brain drain can reinforce the development trap, with communities of skilled persons in developed countries attracting other skilled persons, leaving weaker communities in developing countries even further depleted. Costs can also be substantial in terms of the investment in training and education made by the labour sending country; higher education is heavily subsidised in many developing countries and skilled migrants carry away scarce human capital built through public investment [World Bank, 2003]. This is particularly troubling in sectors such as health care which have a direct impact on the ability of developing nations to maintain and improve the quality of life of their citizens, and to achieve equitable development and integration into the global economy [see OECD 2004].

18. In terms of mode 4, workers seeking to move under Mode 4 are often the most industrious and best qualified, and their departure may have a more negative impact on the sending country's economy than will the departure of less highly skilled workers (WTO, 1998). Mode 4 can thus exacerbate fears of a brain drain. However, the key point is also that mode 4 is only *temporary* migration, and temporary movement can partially mitigate some of the negative consequences of labour migration.

19. Indeed, the costs of temporary movement of skilled people can be offset by the benefits to their home country when they return with enhanced skills and contacts in the international business community (e.g., Indian returnees from Silicon Valley have been the main force behind the growth of the Indian software industry). The current trend towards temporary migration has seen a growing rate of return by highly qualified workers⁵. (Although, if returns are to take place, economic and political conditions in the home country have to be favourable – see Part C below). This “brain circulation” can allow the short-term costs of temporary movement of skilled people to be balanced by the benefits to their home country when they come back.

20. However, where the need is great and skills are scarce, even the temporary loss of skilled persons can be a problem. The health sector – in particular nursing shortages in a number of developing countries facing public health crises – is a prominent example. In these cases, complementary policies may also be necessary. One such initiative is the Commonwealth Code of Practice for the International Recruitment of Health Workers, which provides guidelines for the international recruitment of health workers in a manner that takes into account the potential impact of such recruitment of services in the sending country. The Code is intended to discourage the targeted recruitment of health workers from countries which are themselves experiencing shortages. Active recruitment policies can however be differentiated from allowing the entry of self-selected migrants; in other words, while recognising the right of people to choose where they want to live and the conditions under which they will work, it is important to devise a policy which prevents practices which can undermine the progress of integrated economies in creating development.

21. “Brain Waste” is an issue often faced by temporary skilled workers unable to use their skills and training in the labour force. Recognition of the skills and qualifications of these workers would allow them more opportunities and would provide gains for both sending and receiving countries.

22. Finally, it is also important to note that labour migration and Mode 4 movement is not limited to flows from developing to developed countries. Migration between developed countries is also significant,

⁵ A survey of 1, 500 Chinese and Indians working in Silicon Valley, USA, found that 50% of them go back at least once a year and 5 % visit at least 5 times. In addition, 74% of Indian respondents and 53% of Chinese intended to start business back home [UNCTAD, 2003].

and brain drain is an issue of concern to some developed countries, such as Australia and Canada. Equally, a number of developing countries are receivers of labour from other developing countries.

Remittances

23. Remittances, defined as the portion of an international migrant's earnings sent back from a host country to his/her country of origin, have become a key source of global finance and one of the greatest potential benefits for countries of origin of temporary workers. The total value of remittances transferred through official channels worldwide more than doubled between 1988 and 1999, with officially recorded workers remittances amounting to USD 72.3 billion in 2001 [World Bank, 2003]. The total amount may be higher however, since a large number go through informal channels. In low-income countries, remittances are on average about 1.9% of the GDP, and can be as much as 26.5% (Lesotho). In most developing countries, remittances are a larger source of income than Official Development Assistance (ODA) and in low-income countries they are also two to three times larger than total Foreign Direct Investment (FDI) [Ratha, 2003]. Indeed, the pattern of remittances is much more evenly spread amongst developing countries than FDI. Remittances are also generally less volatile than other financial flows and generally remain unaffected by international financial crises.

24. Many remittances are sent directly to individuals and households; in some cases amounting to over 50% of total household incomes. While this makes them an important source for individual/household poverty reduction, remittances also have enormous potential to increase local and national economic growth in countries of origin if directed towards longer-term investment strategies. However, to date, the transformation of migrant remittances into productive investments has been hampered by inadequate economic structures and insufficient institutional and policy frameworks [Ratha, 2003].

25. Barriers to official transfers of funds are currently the greatest obstacles faced in maximizing the benefits of remittances. Transfers via official bank channels are often complicated and lengthy, and often remain inaccessible for migrants who are unable to open bank accounts in their countries of residence due to their temporary situation or status. Frequently, the only alternatives are private companies, which generally charge high fees. Currently, the average cost of an official transfer is about 13%, and can often exceed 20%, of the total amount [Ratha, 2003]. As such, an unknown amount of money is passed through informal channels, where it is subjected to risks such as fraud and theft. The reduction of the cost of remittance transfers, particularly through the establishment of efficient banking systems in countries of origin and increased access by migrants to legitimate transfer avenues, is essential if the benefits of remittances are to be fully maximized (see box).

Managing remittances: some initiatives from Mexico

Under Mexico's "3 for 1" joint investment program migrant associations are encouraged to invest in community projects by matching each dollar spent by migrant associations with an additional dollar from each the municipal, provincial and federal governments.

Mexico has also attempted to address the difficulty for migrants in terms of opening bank accounts in their country of residence. The *matricula consular* identity cards, issued to Mexican citizens living in the United States legally or illegally, are increasingly accepted as proof of identity when opening accounts at United States banks. This allows migrants to use banks to transfer funds cheaply and transparently, rather than having to rely on private companies with exorbitant fees.

Banks in the United States are increasingly sensing the business opportunity represented by these new clients. Some have responded by introducing schemes such as dual ATM cards, which allow a party in the United States to deposit funds that can be withdrawn by a recipient abroad, as an alternative to more expensive wire transfers. To overcome mistrust of financial institutions amongst immigrants, some banks have also linked up with churches or other community organisations serving immigrants and provided Spanish-speaking staff. Traditional providers of wire

transfers (such as Western Union which dominates the USD 122 billion international wire market) are also cutting their charges, halving the costs of transferring money.

Sources: Mexico's contribution to the *Diaspora Support to Migration and Development Workshop*, IOM 84th Council Session, December 2002; Ratha (2003); "Banking for Immigrants: Reaching out" *The Economist*, February 22 2003; "Money from US sustains Mexico" *International Herald Tribune*, October 29, 2003. .

26. Finally, it is important to recall that remittances cover a much wider group than mode 4. Remittances include permanent as well as temporary migrants, and include persons working outside of the service sector. Gains in remittances should not therefore simply be equated with gains from mode 4. Indeed, to the extent that mode 4 movement is, to date, largely limited to the higher skilled, the estimate may be very rough: there is some evidence to suggest that better educated emigrants are less likely to send remittances and are also likely to remit a smaller share of their incomes. [IOM, 2003a] This however, could equally be an argument for extension of mode 4 commitments to lower skilled workers.

Links between Mode 4 and other types of trade

27. There are clear links between the temporary movement of service suppliers, and the promotion of **foreign direct investment**. The overseas networks and exposure resulting from movement of service providers may induce foreign direct investment in the source country of migration. Further, establishment of commercial presence in a country could create possibilities for that country to export various services through outsourcing and electronic delivery to the source country of the investment or even third countries.

28. Returning migrants and diaspora are also an important source of FDI. Chanda [2003] notes that governments can induce return migration and maximise the use of the experience, skills, networks, and financial capital of return migrants by introducing policies to streamline investment procedures for interested returnees, involve return migrants more actively in policy making, and encourage return migrants to contribute to and network with public sector institutions so that their contributions do not remain confined to the private sector. Steps could also be taken to encourage diaspora participation in the domestic economy, in recognition of the fact that much of the spillovers from mode 4 arise from diaspora-related financial and other contributions to the economy. For instance, governments could set up special investment procedures and incentives to attract diaspora investment, set up systems to track the diaspora and to institutionalize and develop the diaspora network for investment, research and training, securing projects and contracts, and for collaborative ventures [Chanda, 2003].

29. Temporary foreign workers have also contributed to the growth in trade via **out-sourcing** to the home country. Chanda [2003] notes that the presence of temporary Indian workers in the United States has had much to do with raising the awareness of US companies about the pool of skilled labour within India. Experience working with Indians in their home country may also have contributed to the comfort factor of companies' decision to out-source work. Equally, by generating employment, training and skills opportunities in the country of origin, outsourcing can help to ensure the temporary nature of Mode 4 movement, creating economic and institutional growth in countries of origin that provides incentives for workers to return after periods abroad.

Promoting labour exports

30. Countries of origin hoping to maximize the benefits of supply of services through temporary labour migration must ensure that the skills of their temporary labour migrants match the labour market needs in receiving countries. Many countries have used bilateral labour agreements with countries of

destination to ensure compatibility between worker skill sets and demand, and to provide privileged access to labour markets in key sectors of demand, such as health.

31. Chanda [2003] notes that governments also need to ensure standards and quality in order to promote exports. Governments need to invest appropriately in education and training and in upgrading relevant infrastructure. Competitive domestic markets can also contribute to raising standards, as can the development of norms for licensing and accreditation of temporary foreign workers (and mechanisms for their enforcement). Finally, Chanda notes that governments and professional bodies should benchmark to international standards, including to facilitate the negotiation of mutual recognition agreements with key trading partners.

32. Others underline that, if the aim is to institutionalise temporary labour migration or labour exports as a component of national development, sending countries also need to work to ensure the protection of the rights of their temporary migrant workers in the receiving countries (as well as channels for the regularization of remittances). Indeed, some middle income countries have also been developing migration management structures that encourage and support their migrants throughout the entire migration process. The Philippines, which currently deploys about 900,000 migrant workers annually to over 165 countries, has adopted a progressive legal framework and well integrated government machinery in order to manage the sending of Filipinos abroad. The government has initiated several programmes for the protection and promotion of overseas workers, including regulation of recruitment, verification of employment documents, provision of pre-employment orientation and provision of protection abroad through embassies and missions [IOM, 2002a, IOM 2003b].

Questions

- What safeguards can be put in place to limit the possibility of a skills shortage in countries of origin caused by temporary movement?
- How can Mode 4 contribute to the benefits of “brain circulation” for countries of origin?
- How can countries of origin best manage remittance flows?
- Is there evidence that remittances are higher from temporary migrants than those who leave permanently? Is there a difference in remittance patterns between high skilled and low skilled migrants?
- How can countries of origin use Mode 4 to enhance other forms of trade?
- How can domestic policies contribute to the use of temporary labour migration or labour exports for development?
- What can countries of origin do in order to ensure the protection of their citizens abroad?

C. Ensuring temporariness: overstaying and return incentives

33. The prospect that greater temporary movement will lead to permanent migration can be a concern for both countries of origin and countries of destination. Some countries of origin fear the permanent loss of their – sometimes scarce – skilled workers, while some destination countries can fear loss of control over regular migration.

34. It is certainly a reality that temporary movement can be a first step to permanent residence, but not a simple one. First, in some countries (e.g., Australia, United Kingdom, Switzerland and the United States), certain categories of temporary workers are permitted to change visa categories to apply to stay and temporary entry can be a means of pre-selecting candidates for permanent migration. Other countries

prefer to keep a clear distinction between visa schemes for temporary workers and those allowing application for permanent residence. Second, over-staying is a risk for all forms of temporary movement, including tourists and students. It could be argued that regular schemes for the temporary movement of workers can help in discouraging employers from using undocumented workers by making available legal temporary workers for reasonable activities.

35. Evidence varies on the extent to which temporary movement becomes permanent. It is estimated that about half of those admitted under the temporary high skilled worker programme ultimately remain in the United States as permanent residents [Lowell, 2001]. However, only a relatively small proportion of United Kingdom work permit holders seem to settle permanently - in 1998, 3 160 work permit holders settled, while approximately 70-80 000 work permits are approved each year [United Kingdom Home Office, 2001]. Other studies of temporary worker programmes [Ruhs, 2003] indicate that temporary worker programmes tend to become longer in duration and larger in size than initially envisaged.

36. The factors involved in return migration, and the policies adopted to encourage return, vary considerably from country to country. They also vary depending on the type of temporary migration involved (e.g. seasonal workers vs. intra-corporate transferees, etc). The data to evaluate the many potential factors that may contribute to return migration remain scant. However, broadly speaking, there are two main approaches: sanctions and incentives.

Sanctions

37. Most temporary worker schemes involve some kinds of sanction mechanism for ensuring that entrants do not overstay. These include:

- withholding part of the pay of contractual service suppliers until they (or, in the case of a firm, their workers) leave the country;
- requiring firms or individuals to place a bond which is forfeited in the case of non-departure [Hatcher, 2003];
- fining the domestic sponsoring company for workers who do not leave and withdrawing their right to sponsor future workers.

38. Many of these mechanisms are more easily applied to firms than individuals. Indeed, the fact that enforcement difficulties are less with intra-corporate transferees - where the local company can be penalized - than with independent service providers accounts in part for the more liberal schemes applied to the former. However, some studies [Ruhs, 2003] suggest that employer sanctions have often proved to be relatively ineffective; even where penalties have been severe there is evidence that the illegal employment of foreign workers has continued to increase.

Incentives

39. In addition to sanctions, incentive mechanisms can be used both by the country of destination and the country of origin. Experience with bilateral labour agreements suggests that prospects of re-employment in following years can act as an incentive for migrants to return home. For example, in agreements between Spain and Ecuador, the worker must present their passport with the original visa at the Spanish Consulate in Ecuador within a month of return in order to be eligible to be recruited again⁶.

⁶ See Agreement between Spain and the Republic of Ecuador on the Regulation of Migratory Flows.

Equally, the possibility for employers to re-hire the same workers next year also discourages them from permitting illegal overstaying (e.g., the Canadian programme *Commonwealth Caribbean and Mexican seasonal Agricultural Worker Programme (CCMSAWP)*).

40. Other incentives are operated by the governments of home countries and are largely aimed at encouraging the return of highly qualified nationals. As part of their effort to promote human capital development, several countries including Colombia, Ghana, Guyana, India, Iran, Iraq, Pakistan, Peru, the Philippines, Republic of Korea, Sri Lanka and Turkey launched various initiatives to encourage the return of their qualified personnel from abroad. These initiatives can take the form of specific incentives (e.g., tax exemptions, financial assistance with removal costs or business seed capital, citizenship rights for spouses and children), or the creation of more attractive opportunities in the home country. Chinese Taipei⁷, Korea and Singapore have all fostered return migration by encouraging domestic investment in R&D [World Bank, 2003].

41. The provision of reintegration assistance to returnees is another measure taken by some states to facilitate returns. Such assistance may be vital to ensure that returns are sustainable. A recent IOM study in Bangladesh (IOM, 2002b) found that relatively little re-integration assistance was available to temporary workers returning home from the Gulf States. The authors argue that reintegration should be conceptualised as a process that begins much before the actual return of the temporary migrant worker, and that greater efforts should be made by countries of origin to harness the specialised skills that are acquired by temporary migrant workers while working abroad.

Questions

- What are the challenges faced by migration authorities in preventing over-staying?
- How can countries of origin and destination co-operate better to prevent overstaying by temporary workers?
- How effective are different types of incentives, including re-integration packages, used to encourage the return of temporary workers?
- What lessons can be learned from government attempts to impose sanctions on either employers or migrants when overstay occurs?
- What kinds of measures have been successful in promoting return migration?
- Should the role of government be restricted to the facilitation and removal of obstacles to return rather than one of major interventions to promote return?

D. Policy coordination

42. In order to enhance the benefits of temporary foreign labour and mode 4 movement for both countries of origin and destination, as well as for migrants themselves, communication and cooperation between policy makers is essential on two different levels:

- Bilaterally and multilaterally, between countries of origin and countries of destination for temporary foreign workers.

7. Chinese Taipei is also reported to have lured back 50 000 scientists who had left the country over the past two decades by expanding the scope of its graduate science programs and emphasising the country's growing high-technology industry. *International Herald Tribune*, 3 April 2001.

- Internally within government agencies, between trade, labour market and migration officials.

International coordination

43. International labour migration, by definition, has trans-national implications and cannot be managed by any state unilaterally. Bilateral and multilateral policies and dialogue between countries of origin and destination are the best means of avoiding uncoordinated and uncontrolled movement, while maximizing the benefits of labour migration for all parties. In particular, cooperation between countries of origin and destination is necessary to ensure that the skills of temporary foreign workers are matched with the market needs and skills shortages of countries of destination. An example of such policy coordination at the bilateral level is the pilot mechanism for the management of regular migration, set up with IOM assistance between Italy and Albania in March 2000, which involved the selection of 5000 Albanian workers whose professional qualifications fulfilled Italian labour market needs.

Internal coordination

44. While international policy coordination is important, work towards a more systemic approach to migration management begins at the national level. Without coordination and whole-of-government approaches within countries, progress at the international level is difficult. The increasing trend towards temporary foreign labour programmes, reinforced by the GATS mode 4 negotiations, has implications for trade, migration and labour market officials. Communication and dialogue between these government agencies in the formulation of national policies will greatly enhance the effectiveness and benefits of temporary labour migration programmes.

Questions

- How can international cooperation on temporary migration issues be increased?
- How can policy coordination between trade, labour and migration policy officials be improved at the national level?

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