

Editorial Statement

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Established in 1980, PECC currently comprises 26 members from across the region, each with their own committee. Of these members, one is an associate, while two are institutional members representing the Pacific Trade and Development Conference (PAFTAD) and the Pacific Basin Economic Council (PBEC).

As the sole official non-governmental observer of APEC since the latter organization's founding in 1989, PECC has provided information and analytical support to APEC, and has also channeled and facilitated the private sector's participation in APEC projects and processes.

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Editorial Statement

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State of the Region (SOTR): Special Report on Covid-19 Executive Summary

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The Asia-Pacific is undergoing a health, human, and economic crisis. Its many dimensions make this an exceptional challenge for policy makers and one that can only be effectively overcome through extraordinary international cooperation. While the Asia-Pacific was at the epicenter of the shock, through its long-established norms and processes it can also locate itself at the heart of the solutions.

The SOTR report focuses on how regional cooperation can provide governments with more options for recovery in the face of these uncertainties. It assembles a set of proposals on the basis of data collected in a special survey PECC undertook on the impact of the Covid-19 crisis on the region. 710 policy experts from business, academia, government and civil society responded to the survey, which was conducted from 19 May to 12 June, 2020. An analysis of the responses also provides insights for further commentary on the regional outlook and the strategies available for transitioning out of the current situation.

The Economic Outlook

The Asia-Pacific is expected to shrink by 4.7 percent this year before recovering to 5.4 percent growth in 2021 based on data from the IMF. Unemployment for the region is expected to rise from 3.9 percent to 5.5 percent of the labor force. However, there remains a great deal of uncertainty over the size of the shock, its duration, implications for stabilisation policies and an eventual recovery. This uncertainty makes it extraordinarily difficult to formulate policy and therefore may

slow down responses. As we have seen in the pandemic, delay can be very costly.

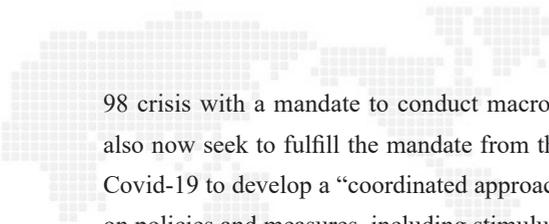
PECC's survey of policy experts and stakeholders shows an even greater degree of pessimism than official estimates. Respondents do not expect a recovery to pre-crisis levels within the next 5 years; and they expect things to get worse before they begin to get better. Even as far out as 3 years on, only 27 percent of respondents expect growth to be stronger than in 2019, and even by then a large group of 31 percent still expect growth to be weaker than last year (2019).

Cooperation on Stimulus Measures

Massive stimulus measures adopted by governments have prevented even greater declines. Governments across the world have cut interest rates, at a time when they were already at historic lows and they have been implementing fiscal stimulus packages to assist people and businesses. These stimulus packages as a percentage of Asia-Pacific GDP are approximately 10.6 percent of the economy, and even higher shares of GDP in high income economies. Their total value is approximately \$5.4 trillion, compared to an estimate of the global total of US\$11 trillion. There are other forms of stimulus. The IMF refers to as 'above the line' – revenue and expenditure measures as well as 'below the line' measures - loans and equity injections.

There are constraints on the extent to which policy makers in the region will apply a stimulus. They are scarred by two financial crises which may constrain their appetite. At the same time, the assessment of the report is that regional economies have space for further stimulus given the levels of financial vulnerability. Even so, coordination and cooperation can help ease those constraints. It would support a bolder approach to fiscal stimulus on the part of the region's emerging economies. They would be more confident of the impact of their fiscal measures. International coordination and cooperation on the design and implementation of these packages of measures would also help restore, as it did during the Global Financial Crisis, confidence as well as build a sense of direction to support future growth.

There are regional mechanisms to facilitate this cooperation. The ASEAN+3 Macroeconomic Research Office (AMRO) was established following the 1997-



98 crisis with a mandate to conduct macroeconomic surveillance. APEC officials also now seek to fulfill the mandate from the APEC Trade Ministers Statement on Covid-19 to develop a “coordinated approach to collecting and sharing information on policies and measures, including stimulus packages for the immediate responses to the economic crisis and long-term recovery packages” In this context, East Asian discussion and cooperation that is based in ASEAN+3 mechanisms such as AMRO is highly valuable, and could usefully be extended to the APEC Finance Ministers’ process. While not necessarily including all APEC members such a dialogue would help to avoid duplication of effort and help to identify gaps in information and data necessary for strengthening policy cooperation and coordination.

Because of the nature of the role of the US dollar as the global reserve currency, another action that would prevent currency outflows for those with floating exchanges rates is to establish and extend swap arrangements. Indonesia for example is in talks with central banks around the region on ‘second lines’ of defense. In the same way that information sharing should be integrated in forums across the region, so too is it timely to have broader discussions of the adequacy of the financial safety net – including IMF financial resources and the connection between regional and global financial crisis mechanisms – in a range of Asia-Pacific forums. Again, East Asian discussions and cooperation that is based in ASEAN+3 mechanisms, in this case such as the Chiang Mai Initiative Multilateralization (CMIM), could also usefully be extended to the APEC Finance Ministers’ process. APEC is one forum where Asia can have this necessary conversation with the United States.

Exit from Lockdown

One of the great uncertainties is when and how to leave the lockdowns that have been the first response to the virus. Respondents were asked to give their opinion on the importance of each of 15 items. The top preconditions for leaving from lockdown were all related to public health, namely

- Sufficient medical capacity to deal with expected number of cases (including hospital beds, doctors and nurses, personal protective equipment, and medical supplies)
- Evidence that the number of new cases is reducing

- The development of a vaccine
- The availability of medical treatments for those found positive with COVID-19
- The capacity to quarantine and support those who test positive

Of great interest were the two matters that immediately followed these. One was the economic cost of the lockdown, its position implying that respondents still considered public health aspects were the priority and the ability to prevent infection in people who are more at risk. As the virus becomes better understood that options for its management will increase and the ability to consider more specific actions better targeted at those at risk of serious illness, long term effects or death.

Another priority at this level among respondents was international cooperation. This is a very significant result, with respondents acknowledging that the exit strategies of all would be facilitated by working together. Examples are provided in the report.

Given the heterogeneity of the Asia-Pacific region another important question is whether there would be large differences among different economies on the factors to be considered for their economy's exit from lockdown. One hypothesis that we wanted to test was whether the economic cost of lockdown policies would be a higher consideration for emerging economies compared to advanced economies. The answer was largely 'no'.

The popular discussion of exit strategy is now focusing on the capacity to achieve goals related to social distancing, to test and also to trace and contact and to isolate those affected. These are regarded as critical to relaxation of restrictions on people movement in the short term. These aspects are being given greater attention as some economies have attempted to relax restrictions, only to see infections rise again. Survey respondents put these measures in a third tier of priorities, following public health matters, economic consequences and international cooperation.



The Cooperation Agenda

The value of cooperation in the implementation of short-term stimulus measures was discussed above. What about longer-term matters? As just observed, respondents ranked this as a top priority for plans for exiting the current situation.

The top 5 elements of cooperation identified by respondents were:

- The sharing of pandemic preparedness practices
- The development of a vaccine
- Trade facilitation on essential products
- The removal of export restrictions on essential products
- The removal of tariffs on essential products

One question for regional organizations in addressing a global issue of this magnitude is ‘value-addition’ - there are many organizations working to resolve the challenges governments and societies are currently confronting. One approach that APEC might take is to be supportive of ongoing multilateral efforts and that by taking a ‘first and second order’ priority approach it could identify serious gaps in the system – issues that are not getting sufficient attention. For example, there is no doubt that the sharing of pandemic preparedness practices is a priority, as is the development of a vaccine. But they are not necessarily tasks in which APEC has a comparative advantage. Trade policy is a different matter which we discuss below.

Moving to a Smaller Public Sector

A very important part of exiting from this situation is the withdrawal of the support of various forms of state aid, including equity investment. The size of the public sector has increased dramatically in many economies, associated with rapidly rising debt levels. This situation demands considerable thought, because of its significant fiscal consequences but also its potential implications for efficiency and for productivity. Movement back from the current situation will most likely meet resistance, from the new sets of interests that have been created, in particular. Others may also argue that in the context of the uncertainty created by the pandemic, it is unwise to unravel the emergency arrangements prematurely. A framework for responding to the pressures of those interest groups and those arguments will be valuable. One well-tried option is that of the public

policy framework, which is based on a series of questions related to the nature of the problem to be solved, the tools available to do so, the scope to use market mechanisms rather than regulation followed by a ranking of options and selection of a preferred response. The design of processes for and institutions for managing this work is an important element of regional cooperation.

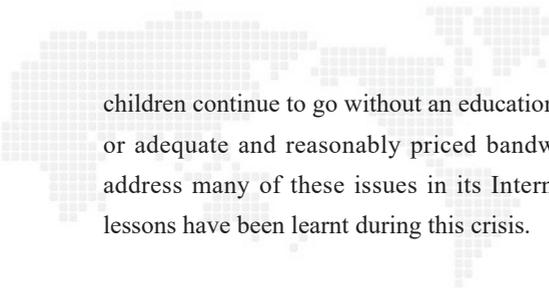
Trade Related Matters

The contraction in world trade in April compared to March is estimated at 12.1 percent, significantly worse than that during the Global Financial Crisis. However, data shows early signs of a recovery in trade growth, and efforts by economies to remove restrictions to trade, like export restrictions prompted by the pandemic. Despite the expectations of some, these events do not mark the end of globalization.

Given APEC's focus on trade and economic policy issues, the comparative advantage of its work in this area would be how pandemics impact trade and supply chains. This could build on existing work APEC has already undertaken such as the APEC Trade Recovery Program. There is considerable public discussion of the future of global value chains and expectations by some that they will collapse. Opinion is divided on this matter among respondents, and the report discusses a range of options for tackling the issues of the robustness and resilience of GVCs. Our conclusion is that the likelihood of collapse is overstated.

The survey addressed three main trade policy issues for essential products: trade facilitation; the removal of export restrictions; and the removal of tariffs. As noted, the value of all three was strongly supported. In short, the maximum gains for economies will come when all three actions are done simultaneously by as many parties as possible.

A major consequence of the Covid-19 crisis has been a deepening and acceleration of existing trends – especially the growth the digital economy. The use of digital applications has expanded rapidly. This has stretched existing networks in some cases but also reinforced the importance of messages about the risks of digital divides. As schools shut down and continue to be shut down generations of



children continue to go without an education if they do not have access to hardware or adequate and reasonably priced bandwidth. APEC had laid out the need to address many of these issues in its Internet and Digital Roadmap, many more lessons have been learnt during this crisis.

One issue that APEC might be able to at last pilot work on is information on essential equipment. For example, while information on stockpiles of medical equipment ranked 8th in the list of priorities, when viewed through the lens of ‘second order priorities’ it is the joint top of the list. Such efforts should encompass the private sector given that the latter has a much better grasp of the relevant supply chains. Given APEC’s strong engagement with the private sector, it could pioneer and pilot such an information exchange.

The pandemic is demonstrating too how important people movement is for trade. This is not just for sectors in which contact is urgent for trade in facilitating supply chain connectivity but more broadly for business, tourism and education. Given the difficulties of a global eradication of the virus, the report reviews a series of options for the short term as the pandemic continues to facilitate the movement of essential workers, including the various plurilateral projects on confidence building in this respect. APEC could seek to develop a set of principles which might apply to the design of these efforts (as done for trade agreements already) so that, ultimately, they contribute to regional integration. It is interesting that the Covid-19 period brought to attention both how much people contact matters but also how much opportunity sits in digital technology.

Capacity building

PECC’s survey also revealed priority areas for capacity building, another important dimension of regional cooperation. The Covid-19 crisis has had a clear impact on capacity building needs. Whether this is a temporary or permanent shift remains to be seen. But health security concerns were a clear priority followed by digital technology; supply chain resilience; ecommerce; and structural reform. All these can be seen as a need for policy makers to understand the underlying economic changes wrought by the crisis and the types of policy instruments that could be used in the adjustment process.

Another element related to the redesign or recovery of the public sector is regulatory reform. In this respect, recent experience has included instances of regulatory retreat by governments different from the subsidy elements. Many rules and regulations have been relaxed to lower business costs and facilitate new ways of operating that are consistent with the response to the pandemic. The WTO recently documented such measures as applied in the services sector. Examples include changes in the regulation of medical services to facilitate the use of telehealth. The information provided by these experiments in reform should be evaluated as to whether each has value that should be continued in the post-crisis environment. There is value in sharing these results and in cooperation on capacity building for the management of reform.

APEC after 2020

APEC has another role, which concerns the development of a way of thinking, and a mindset. Before the Covid-19 Virus crisis struck much of the APEC policy community's attention was focused on assessing progress made on the Bogor Goals and formulating a post-2020 vision for the region. A vision is as important today as it was in 1994 if not more so. When endorsed by APEC leaders, it will provide a long-term strategic framework for regional governments and stakeholders to plan for the future. Without such a framework there is a risk that the recovery will be much slower than need be, opportunities to sustain reform will not be taken, inefficient policies adopted for short term goals will remain stuck in place, and investment plans put on hold. While APEC remains a relatively informal organization through which relationships of trust are built, it must allow for genuine dialogue at all levels. As argued in this report, the Covid-19 crisis is accelerating change, economies will be taking different approaches in response to it, APEC provides an essential platform to exchange views on the motivations behind those policy choices and the international implications that they often have.



International Investment Arbitration in the Age of Covid-19

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Investor-state dispute settlement (ISDS) has long been the target of much critique by both non-government institutions and civil-society organizations who argue that the mechanism unequally targets developing countries, but its application during the Covid-19 pandemic poses particularly great risks to countries already struggling to manage their domestic public health crises. Generally, critics argue that ISDS produces regulatory chilling effects that hamper states' reform and development goals and excessively consume states' national budgets. In the context of the current pandemic, ISDS may further hinder states' attempts to contain the spread of the coronavirus while destabilizing their already-fragile domestic economies and causing further recessions and potential political and social unrest. This article provides an overview of ISDS and its operational mechanism and describes the threat ISDS poses to developing countries during the pandemic. It argues that cross-border and public-private cooperation can significantly mitigate states' exposure to ISDS claims and calls on the international investment community to work together in ensuring that ISDS does not exacerbate the already-devastating effects of the pandemic.

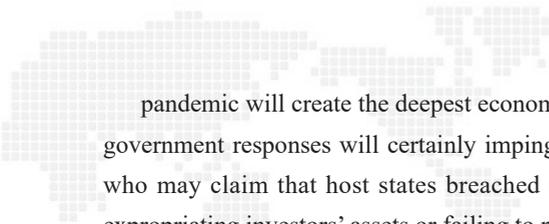
Generally speaking, ISDS allows a private investor to bring claims against a foreign state in arbitration whenever the former has invested in the latter's territory, and host states are regulating in a way that discriminates against or infringes upon the rights of their investors. Arbitration is a private law forum, typically governed by rules of international institutions such as the International Center for Settlement of Investment Disputes (ICSID), where parties to a dispute appoint their own tribunal and there is no direct mechanism for appealing a case. As of 2019, 3,284 international treaty instruments including both multi- and bi-lateral investment and free trade agreements contained ISDS provisions. Developing countries enter

into these agreements in hopes of attracting foreign direct investment. That is, developing countries offer private investors located in capital-exporting states a means for protecting their cross-border investments under international treaty law, rather than requiring foreign investors to engage with national court systems which is inconvenient and costly.

ISDS represents a clear departure from international law principles that assume only sovereign states may challenge the acts of other sovereign states. For instance, private actors may not sue foreign governments at the International Court of Justice or the World Trade Organization. Conferring rights to private actors for challenging the regulatory conduct of sovereign states suggests a shift away from the realist theory that states are the main actors in the international political arena.

The problem with ISDS is that claims are disproportionately brought against developing states. In 2019, investor claimants brought 55 new ISDS claims, and of those, 80 percent were against developing state respondents. The most frequent developing states that receive ISDS claims include Argentina, Poland and India, and almost every Asia-Pacific country has faced or is at least exposed to such claims through their international investment agreements. In 2019, tribunals resolved 71 ISDS disputes on their merits and in more than half of these cases tribunals decided in favor of investors. Last year, the awards rendered ranged from \$7.9 million to \$8.4 billion (USD). Since the modern iteration of ISDS was introduced in 1987 by an investor claimant located in the United Kingdom who sued Sri Lanka under the UK-Sri Lanka bilateral investment treaty, there have been a total of one-thousand two-hundred and twenty-three ISDS disputes.

ISDS is a grave and imminent threat for developing states struggling to manage their responses to the current pandemic. According to the Oxford University Coronavirus Government Response Tracker, the vast majority of states have taken exceptional and diverse actions to curb the virus's spread. These measures include assuming control of private healthcare providers, imposing certain export or import restrictions on medicines and personal protective equipment, and mandating closures of non-essential businesses. While they are arguably necessary for overcoming the public health crisis, such measures create effects that spillover into the economy. Indeed, the International Monetary Fund (IMF) predicts the Covid-19



pandemic will create the deepest economic recession since World War II. Some government responses will certainly impinge on the interests of foreign investors, who may claim that host states breached their investment treaty obligations by expropriating investors' assets or failing to provide investors with fair and equitable treatment. Peru already received threats by foreign concessionaires for the state's decision to suspend collection of traffic tolls during the pandemic to facilitate the transport of supplies and workers.

In the context of the current public health crisis, states' policy goals and foreign investors' view that they should not bear the economic costs of battling the pandemic may both be legitimate, but ISDS should not be the forum where these disputes are hashed out. Sensitive matters of international public health that arise during a once-a-century pandemic should not be decided by ad-hoc tribunals consisting of arbitrators (who are often corporate lawyers by day) in a private forum that does not provide much transparency and does not bind decisions to precedent. Even if states succeed in defending their claims under ISDS, they may only recover litigation fees. These proceedings are costly and time consuming, and the significant effort dedicated to defending against ISDS claims is certainly better directed at designing and implementing strategies for overcoming the pandemic. For example, in the *Philip Morris International v. Uruguay* case, where the investor claimant alleged that Uruguay's anti-smoking legislation constituted an indirect expropriation of its intellectual property assets, Uruguay devoted 6 years and \$7 million (USD) in litigation fees before the tribunal ruled in its favor.

Many international civil society groups and experts in cross-border investment law are calling for a moratorium on ISDS claims arising out of or relating to the Covid-19 pandemic. The capital exporting states of the G20 have already coordinated the suspension of sovereign debt payments until March 2021, and the IMF has doubled member states' access to its emergency facilities to enhance liquidity and resolve balance of payments problems. But due to the lack of uniform standards in private dispute forums, the international investment community must work together if it is to mitigate the risks of ISDS prolonging the current pandemic and exacerbating its economic effects. Investors and their shareholders should ensure that ISDS claims do not hinder states' pandemic responses, the legal

community should refrain from representing investors whose claims will interfere with developing states' response efforts or cripple their economies, arbitrators who receive offers to hear such claims should refrain from doing so for the period of the pandemic, and organizations such as ICSID that host such disputes should refuse to provide a forum for these cases. At the state level, governments should also endeavor to cooperate in suspending ISDS provisions contained in their international treaties through bilateral negotiations.

While reform of the ISDS system for settling investor-state disputes may be necessary, overhauling its framework will likely be a task for another day. The most pressing concern for states and their citizens should be ensuring that ISDS does not overwhelm economies and impede states' regulatory efforts to overcome the pandemic. In the words of Ghanaian President Nana Akufo-Addo: "We know how to bring the economy back to life. What we do not know is how to bring people back to life." The international investment community must work together, set aside individual interests, and allow states to protect the health and safety of their citizens. Only then can economic development for states and sustainable profits for investors be achieved.



Skilled Migrants Go South: Taiwanese Expatriates in Indonesia and Vietnam

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Abstract

According to the national statistics of Taiwanese government, around one of fifteen Taiwanese nationals is currently working abroad and it is still in a rising trend. Past studies on Taiwanese expatriates were mainly focused on those who going to the US and to Mainland China. This paper, however, explores the migration of Taiwanese professionals to Indonesia and Vietnam and discusses the phenomenon of a south- south mobility.

Based on ethnographic studies and in-depth interviews with Taiwanese professionals, this paper discusses how the decision for a south-south migration was made among these expatriates. It also deals with the ways and channels in which Taiwanese professionals became expatriates in their host country and how they cope with the difficulties facing in their host societies. Moreover, this paper aims also to answer what does working experiences overseas mean for expatriates' individual career development and to highlight the potential of emerging trends of south-south movements.

Keywords: Skilled migrants, expatriate, Taiwan, Indonesia, Vietnam

1. Introduction¹

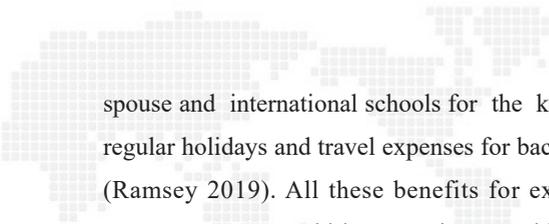
Skilled migration is not a new phenomenon in Taiwan. Beginning in the 1970s, many Taiwanese companies have been invested abroad and set up their businesses in multiple locations across the world, in particular, in the United States of America (Keng 1997). Working abroad was since then attractive for many Taiwanese managers, but it seems at that time only a few people being offered the opportunities to move and an overseas job was not being paid much attention. It was around in the late 1980s, as many Taiwanese manufacturing factories due to labor shortage and cost reasons relocated to Chinese booming economic zones in Pearl River Delta area in Southern China, companies were willing to bring more their senior and experienced employees together to move and expatriates have become common in Taiwan (Deng 2017).

According to the national statistics of Taiwanese government, for the year of

2107, there are 736 thousands of Taiwanese working abroad (DGBAS 2018). With comparing to the total number of employees in Taiwan in the same calendar year, it indicates that around one of fifteen Taiwanese nationals is working abroad and it is still in a rising trend (National Statistics 2017). Nevertheless, past studies on Taiwanese expatriates were mainly focused on those who going to China or to the United States (Keng 1997; Waters 2002; Wong 2004; Moore 2016; Chiu et al. 2009; Tseng 2011; 2016). This paper, however, explores the migration of Taiwanese skilled professionals to Indonesia and Vietnam and discusses the phenomenon of a south- south mobility.

Research on skilled professionals emphasizes the elite mobility and their movement to global centers (Beaverstock 2002; 2003; Farrer 2010; Leonard 2010). An expatriate career was imaged by many as a career of better opportunities elsewhere outside the home country with a good relocation package which may include a high salary, moving costs, healthcare, assistance in finding a job for

¹ This research is sponsored by the Ministry of Science and Technology of Taiwan (project numbers: MOST 103-2410-H-032-069-MY3 and MOST 106-241-H032-055-MY2).



spouse and international schools for the kids, temporary housing allowance and regular holidays and travel expenses for back home country during the expatriation (Ramsey 2019). All these benefits for expatriates tended to point out that an overseas career would let expatriates or skilled professionals enjoy a high quality of life and a privileged status in the host country they stay. And it is very likely, with this valuable experience, further to pave the way for career advancement. Therefore, the British scholar Leslie Sklair (1992) described these skilled professionals as the “transnational capitalist class”. He argues, under the trend of globalization and the rise of globalizing cooperations, skilled professionals belong to the ruling class in the global economy and control many forms of the capitals.

However, as Adrian Favell et al. in their book “The Human Face of Global Mobility” pointed out, the continued globalization has led to a specular liberalization of the free movement of persons (Favell et al. 2006: 1). The increased opportunities on mobility does bring a lot of people become globally mobile. Nevertheless, from Favell et al.’s viewpoint, many of them would be hardly to describe as “elites”, since they might include mid-level technical and clerical employees, ambitious or adventurous mobile middle classes etc. (Favell et al. 2006). Migration scholar Anja Weiss shares the same perspective and suggests that highly skilled migrants are often not “as elite as that of Sklair’s transnational capitalist class” because they are still subject to many migration controls (Weiss 2005). Fechter and Welsh (2010) examined the expatriates with the postcolonial approaches also pointed out that western migrants are assumed to move as highly skilled individuals, and therefore their relatively privileged position in the host global cities were often taken for granted. In fact, they argued, there is an increase of those migrants taken lesser-skilled jobs and earning a middle-income (Fechter and Welsh 2010). This paper thus questions the notion that the phenomenon of increasingly globally mobile should be understand as a kind of elite mobility and it aims to illustrate a south-south mobility such as Taiwanese skilled professionals to Indonesia and Vietnam which could play an significant role contributing to the “massification” (Favell et al. 2006) of global expatriate mobilities.

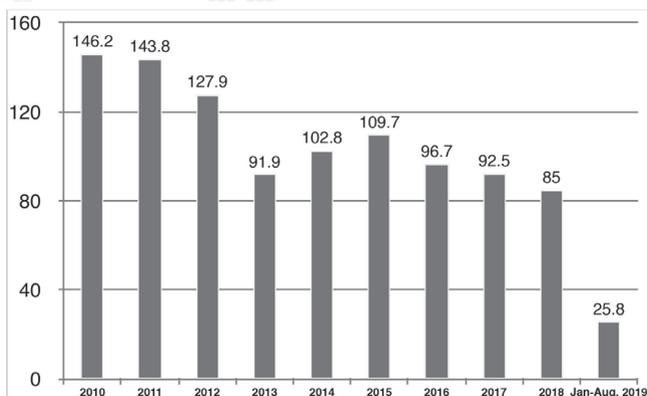
2. Transformation of Taiwanese Businesses in China and the Movement of Taiwanese Skilled Professionals to Southeast Asia

In the past decades, skilled migration of Taiwanese professionals has always been a phenomena close to the migration of Taiwanese businesses to overseas. This was especially true for Taiwanese expatriates in China from the 1980s until the early 2000s. The high dense concentration of Taiwanese manufacturing companies in the Pearl River Delta area in Guangdong province in the 1980s and 1990s and electronics industry and other manufacturers moving northward to the greater Shanghai area in late 1990s and early 2000s brought many Taiwanese moving to China for work (Chen 2012).

After the mid 2000s, however, many Taiwanese manufacturing companies were faced with numerous challenges and were forced to shut down their factories in the fast-growing areas of southern China. These severe problems included labor shortages, rapid rise in labor wages and the influence of local state's policies in favor of high-end technology industries that replaced labor-intensive industries. The Chinese phrase for this phenomenon became known as“emptying the cage for new

birds” (騰籠換鳥). In particular, with the enactment of the new Labor Contract Law by the Chinese central government in 2008 and the global financial crisis that hit the world in the same year, the survival of these manufacturing industries in the Pearl River Delta in southern China became even more difficult.

Table 1: Taiwanese Investment in China(2010-2019.08)
(Unit:100 Million USD)



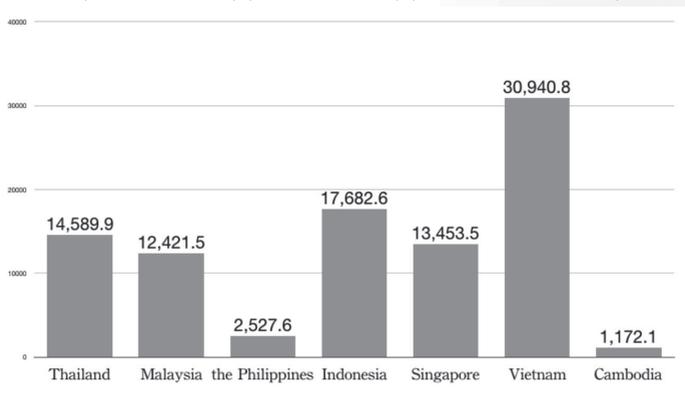
Source: Mainland Affairs Council, Taiwan (2019)

In looking for ways to survive, some Taiwanese factories tried to move away from low-end manufacturing, but that required a great amount of know-how, which burdened the enterprises, in particular the small and medium-sized ones, with a high threshold. Other companies resorted to shift work to inland China (Deng 2017). Even then, there was also the growing trend of moving part of the factory production lines, including the relocation of the whole plant, especially those considered to be traditionally labor-intensive, further southward, to Southeast Asian countries such as Vietnam, Indonesia and Cambodia where the labor was cheaper than China's.

Table 1 showed the Taiwanese investment in China has been declined since the year of 2010. Over the past year, the trade dispute between China and the United States made the matters even worse. According to the statistics of Mainland Affairs Council in Taiwan, the investment of Taiwanese businesses to China has dropped to around 2,580 million USD in the first eight months of 2019, only 40% of the investment volumes compared to the same period in previous year. On the contrary, Taiwanese investment in Southeast Asian countries, as table 2 shows, arrived 92.78 billion USD in early 2018 in which Vietnam and Indonesia (each with the

investment volume of 30,940.8 million USD and 17,682.6 million USD) were ranked the top two nations for Taiwanese investment in Southeast Asian region.

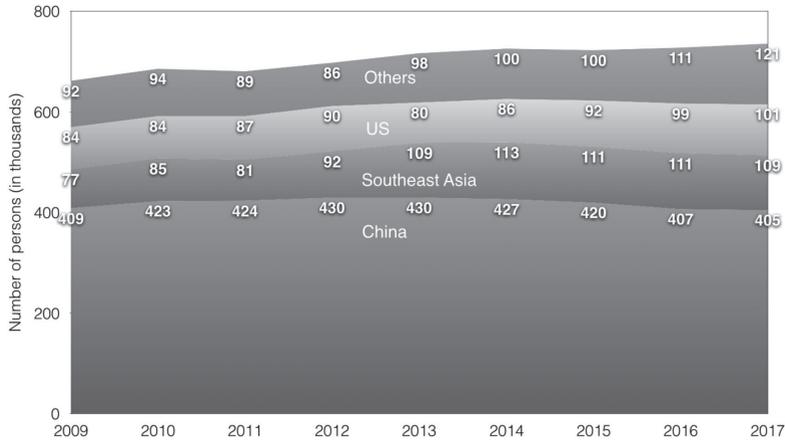
Table 2: Taiwanese Investment in Major Southeast Asian Nations (until 2018.03) (accumulated) (Unit: Million USD)



Source: The Ministry of Economic Affairs, Taiwan (2018)

The large amount of investment of Taiwanese businesses also brought many Taiwanese nationals to work as expatriates abroad. As table 3 shows, through the past nine years from 2009 to 2017, Taiwanese working abroad has continuous risen from 66.2 thousands to 73.6 thousands and Southeast Asian countries were the second favorite region which had a number of 109 thousands in 2017 and accounted 14.8% of the total number of Taiwanese skilled migrants (DGBAS 2018). Obviously, while Taiwanese businesses experienced big changes in operation in China's market, Taiwanese nationals working in the global south countries were arrived a new high point in the past few years.

Table 3: Statistics on Taiwanese Working Abroad - According to Nationality/ Region, 2009-2017 (Unit: in thousands)



Source: National Statistics, Taiwan (ROC) (2018)

3. Ethnographic Data and Methods

Data for this research was based on qualitative interviews and observations conducted in the fieldwork between July 2018 and April 2019 in Indonesia and in Vietnam. The fieldwork was conducted mainly in three cities (Hanoi and Ho Chi Minh city in Vietnam and Jakarta in Indonesia) and their nearby areas where various Taiwanese manufacturing companies centered.

Among them, Hanoi city is located in the northern part of Vietnam with only a few hundreds kilometer from the China's border of Gaungxi province. Together with its neighboring areas Bắc Ninh(北寧) province and Bắc Giang(北江) province, these regions have become in recent years a major site for industrial manufacturing on electricity for many foreign investments like Samsung or Foxconn technology group. On the contrary, Ho Chi Minh city and its neighboring Binh Dương (平陽) province attracted many labor-intensive industries like manufacturers in shoes, furniture and clothing production.

Jakarta is the capital city of Indonesia. Many of the Taiwanese manufacturing companies such as footwear manufacturers or garment factories were centered in the economic zones of the city's harbor or located close to the west border of Jakarta, the Tangerang regency.

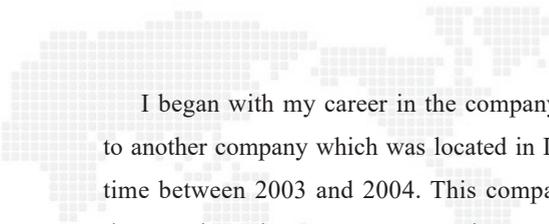
A total of 31 interviews were conducted: 12 in Jakarta of Indonesia and 19 in Hanoi and Ho Chi Minh city of Vietnam. Among them, it included three Vietnamese interviewees with years of working experiences in Taiwanese manufacturing companies, two mainland Chinese interviewees who were currently employed by Taiwanese companies and one Indonesian Chinese interviewee who served as manager for a Taiwanese garment manufacturing factory.

4. The Decision to Move South for Work

Becoming an expatriate is usually an attractive idea for many people, particularly when it comes with imagination of a higher salary and other related possible benefits. However, moving abroad is an enormous decision that often comes with a big change in people's personal lives. Following were narratives from the interviews with three Taiwanese skilled migrants in July 2017:

We started our recruitment in the company with a management trainee program. During the periods of the trainee program, I had dozens of trainee colleagues, with around 10 to 15 people. But, finally only three of them could pass this program and were able to work abroad. Of course, everyone were well aware at the beginning that the purpose of this trainee program is to send the trainees to work overseas. Nevertheless, some of them thought that their initial plan was to move to China for work, but finally realized that their expatriate assignments get them to a location in Indonesia or in Cambodia. They thought that their economies might not be advanced than that of China, and therefore they hesitate to make the decision to come (Kerry, production manager, 29 years old, female, University degree, on board 2012).²

2 Interview with Taiwanese expatriate, Jakarta, Indonesia, July 10, 2017.



I began with my career in the company TN in 2000, then I switched my job to another company which was located in Dongguang city of China in around the time between 2003 and 2004. This company then wanted me back to work for them again and gave me an expatriate assignment to a garment plant in Jordan. Our factory in Jordan, however, forced to shut down in 2006. Expatriate managers there were then sent to work to Cambodia, to Indonesia or to work back to Taiwan. I'm one of them being sent here (Sam, factory chief, 39 years old, male, university degree).³

Before I took the expatriation, I has been worked as a sales representative at a Taiwanese security services for several years. However, as the Taiwanese government planned to implement a policy on securities transaction tax and led to a very negative effect on stock's market prices, I started to think to work abroad. I thought I can good at the English language, so I might take this advantage and to find a job overseas easier. Besides, I didn't think there's any enormous difference between a job to Southeast Asian countries and to the other well developed countries like Japan or the United States. I think, all the jobs abroad made me a better opportunity to meet more people of different cultural backgrounds than that of Taiwan (Ken, QC manager, 30 years old, male, university degree).⁴

These three Taiwanese skilled migrants showed differences in gender, ages and job positions, however, they took the same route to have their expatriations to the city of Jakarta in Indonesia in last few years. Certainly, their reasons to accept the expatriate assignments to overseas countries might be very different. The cases from the the production manager Kerry and the garment factory chief Sam represent a classic model of expatriate assignment. They are the so-called assigned expatriates (Anderson et al. 2013). They undertake a working career overseas mainly relying on the organizational sponsorship, on the assignment from the mother company in Taiwan. When Taiwanese businesses moved their part of

3 Interview with Taiwanese expatriate, Jakarta, Indonesia, July 15, 2017.

4 Interview with Taiwanese expatriate, Jakarta, Indonesia, July 10, 2017.

production lines to the Southeast Asian countries, they were being sent to these overseas locations to manage the local manufacturing plants.

Moreover, since China is the world's factory for a long time, many of Taiwanese skilled migrants I met in the field work they might have had several years' working experiences in China before they moved to Southeast Asian countries. This was especially true for Taiwanese manufacturing companies located in the surrounding areas of Ho Chi Minh or Hanoi city in Vietnam which owned an earlier production operation in China. Like a young Taiwanese engineer working in the Foxconn technology group in Hanoi reported:

My previous employment was related to industrial production on optical technology which was based in Shanghai. I have been worked there for several years. Since my job is a process engineer, so I have many opportunities to visited various industry plants to help them optimizing industrial processes. In late 2012, the company wanted to shift part of their production lines to Vietnam and for this reason the employer asking me the willingness to relocate. Then, I took this job transfer. (Vincent, 39 years old, male, master degree).⁵

The previous work in China shaped the unique experiences for many Taiwanese skilled migrants in southeast Asian countries. Certainly, not all skilled migrants have a previous work experience in China and some of them even have the willingness purposeful to build a career in Southeast Asian countries. The case of QC manager Ken represents the other type of expatriation. These skilled workers often decide on their own to work and to live abroad. They could be described as a group called "self- initiated expatriates (Deng 2018). During the field work, I found skilled migrants who find a job in service industries are more likely to take a self-initiated expatriation than those of working in manufacturing industries.

5 Interview with Taiwanese expatriate, Hanoi, Vietnam, March 24, 2019.

5. Young Taiwanese Skilled Migrants and the Southeast Asia

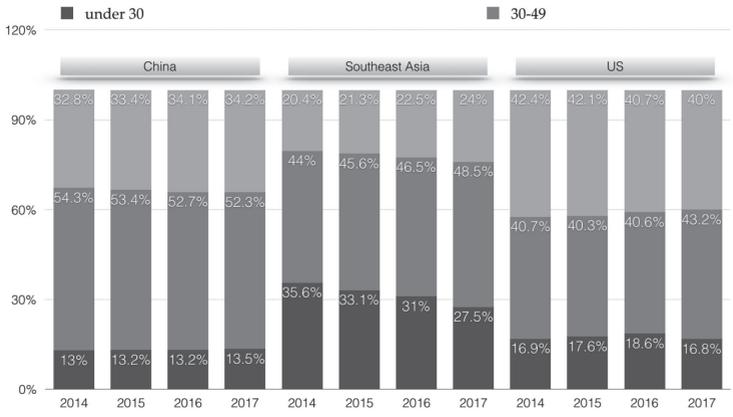
Beyond the types of expatriation, one might wonder the question whether Taiwanese skilled migrants in Southeast Asia countries tended to build a uniform distribution in different age groups or some age groups have more expatriates than the other groups? Table 4 shows that Taiwanese skilled migrants who move to Southeast Asian countries have a higher percentage of young people than those pursue jobs to China or the United States. For instance, 35.6% of skilled migrants in Southeast Asia in 2014 were in the ages under 30, while it took only took 16.9% in the US and 13% in China in the same period. Although the percentage of young skilled workers in Southeast Asia has slightly declined in the following years of 2014, young professionals still represent a significant group to these countries (table 4).

On April 5 of 2109, I made a group interview with four skilled migrants of a shoe manufacturer in Ho Chi Minh city. Three of them were under the age of thirty years old. Following is the narrative from one of the group interviewees.

I joined an internship program to come to this shoe manufacturer in 2015. After around four and half months of internship, as the program ended I was determined to stay. Two major reasons were crucial for me to make this decision: one is the relative higher salary comparing to that of Taiwan, the other is that we were offered with six times in a year to return Taiwan for holidays (Itin, 26 years old, female, university degree).⁶

⁶ Focus group Interview with Taiwanese expatriates, Hanoi, Vietnam, April 5, 2019.

Table 4: Statistics on Taiwanese Working Abroad - According to Region and Age Group, 2009-2017 (Unit: in percentage)



With a overseas job, young skilled migrants found they could enjoy both a higher salary and at the same time to take the time to travel a lot during their expatriation abroad. However, when asking they to look themselves into the future whether they will continue to stay in the current city to build career over the next ten years. They often consider the expatriation not as a permanent, but as a temporary stay in their lives.

6. Conclusion

Taiwan continues to see a rising trend for many skilled professionals working abroad. Beyond the destination of China, Southeast Asian countries have become the second significant region to attract Taiwanese nationals to work. This paper showed the motivation for their movement to the southern countries like Indonesia and Vietnam builds two major types: the assigned expatriation and the self-initiated expatriation. Moreover, it showed an expatriation in foreign countries is not a career only for people who already have a job in Taiwan. Instead, many Taiwanese skilled professionals who are both young in their ages and highly educated also show an increasing willingness to accept an expatriate assignment abroad. All these types of skilled migration will help bring the mobilities of the global south a new face in the future.



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