

The background of the slide features a blue-tinted image of several people in silhouette, walking on a highly reflective surface. The reflections are clearly visible on the ground. The overall scene is dimly lit, with a light source from the left creating a soft glow and long shadows.

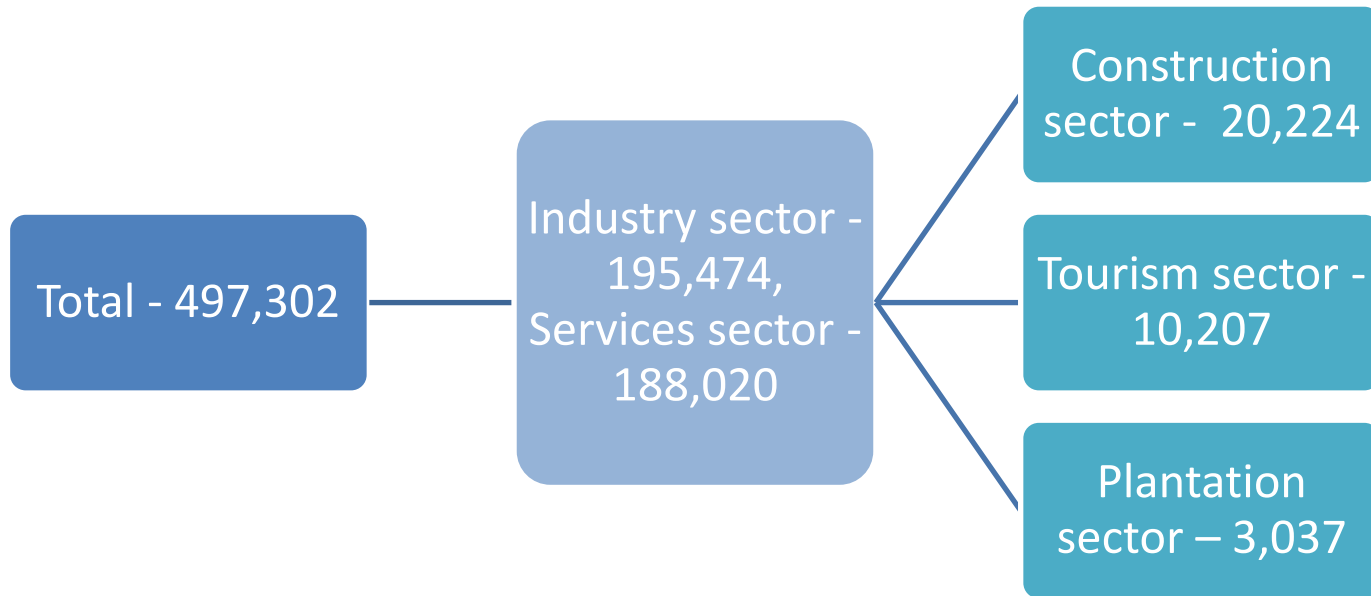
Bringing skilled workers into Sri Lanka Is it a viable option?

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October 2018

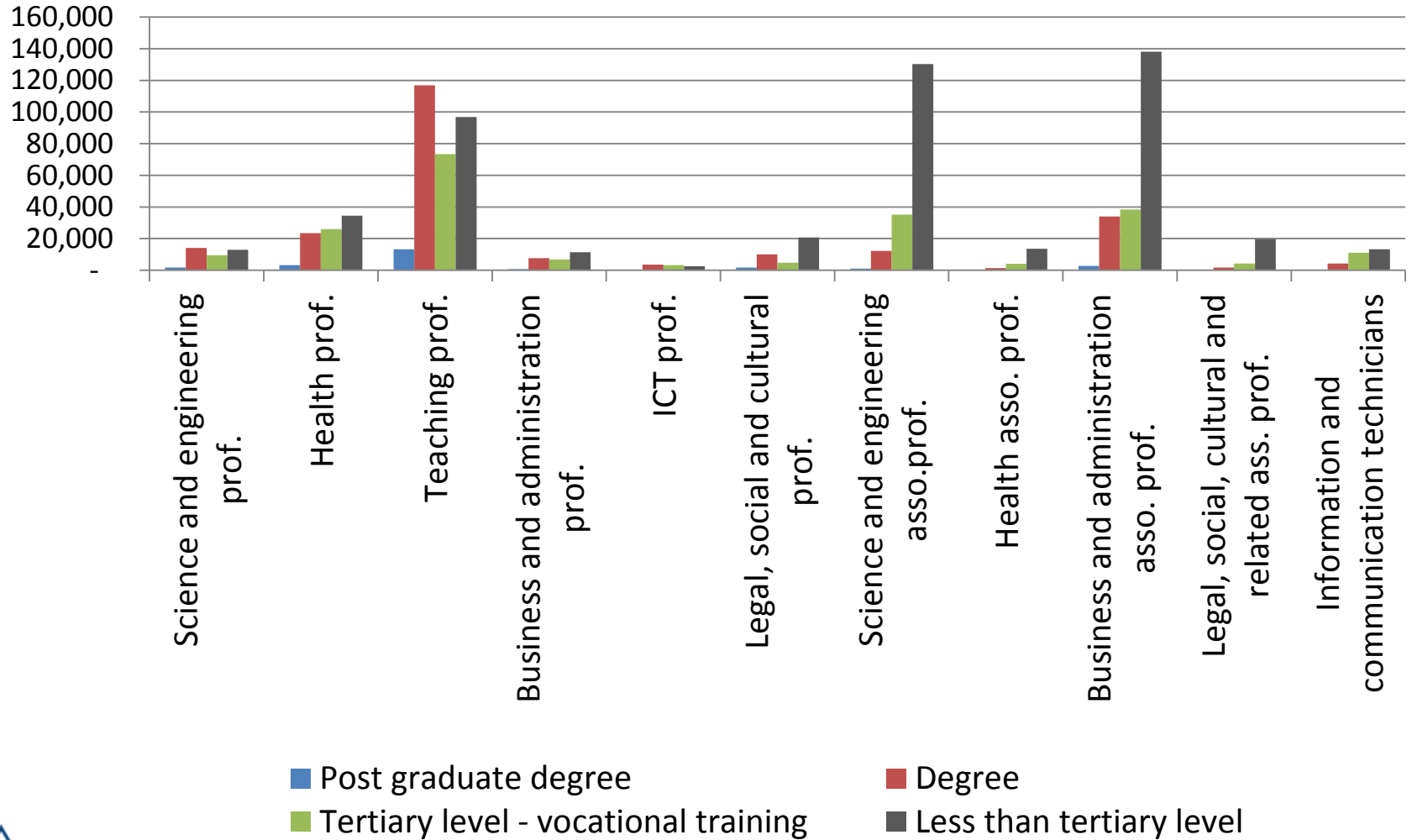
Institute of Policy Studies of Sri Lanka

Sri Lanka is facing a labour shortage



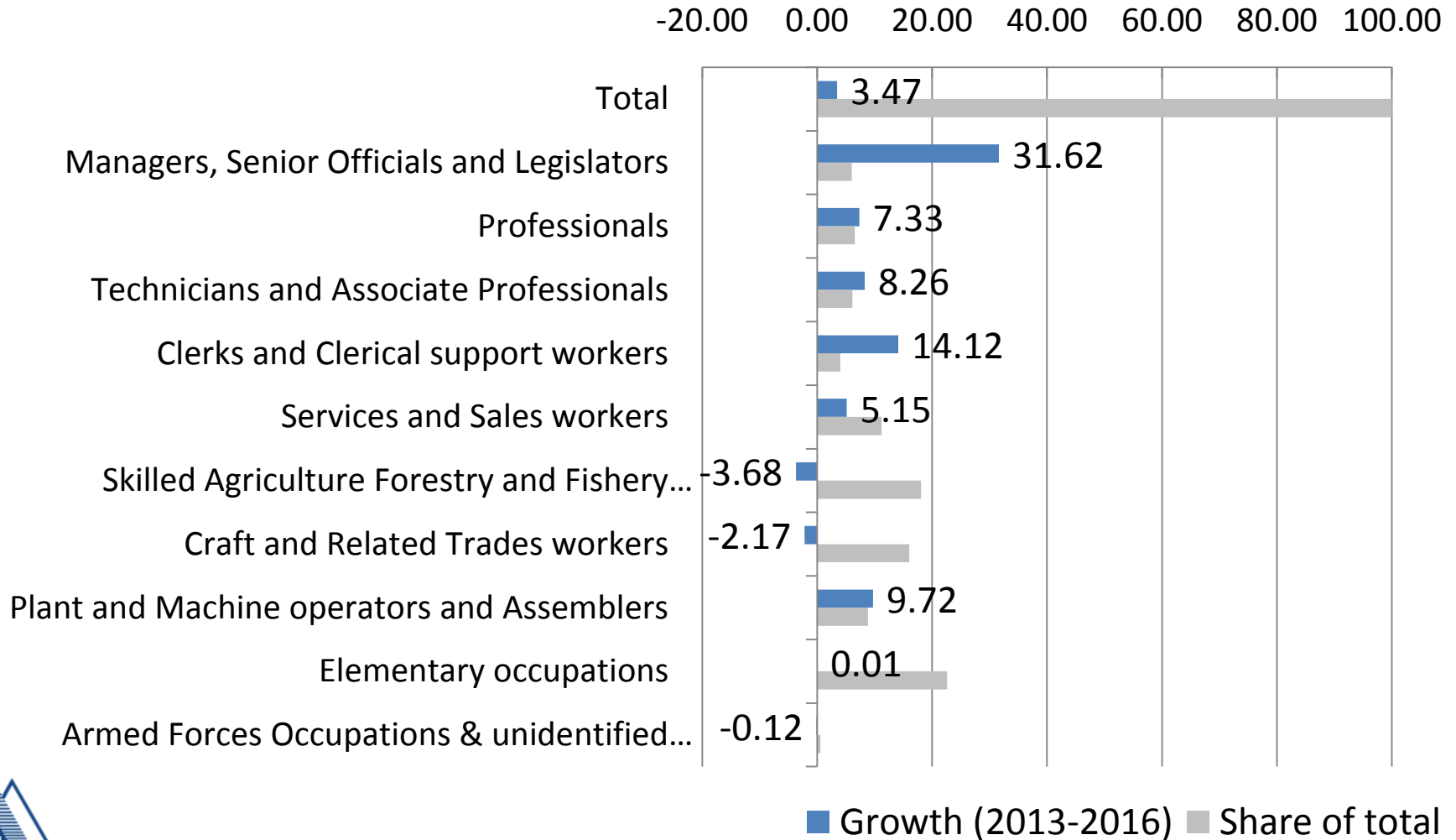
Source: DCS, 2017

Sri Lanka is facing a skill shortage

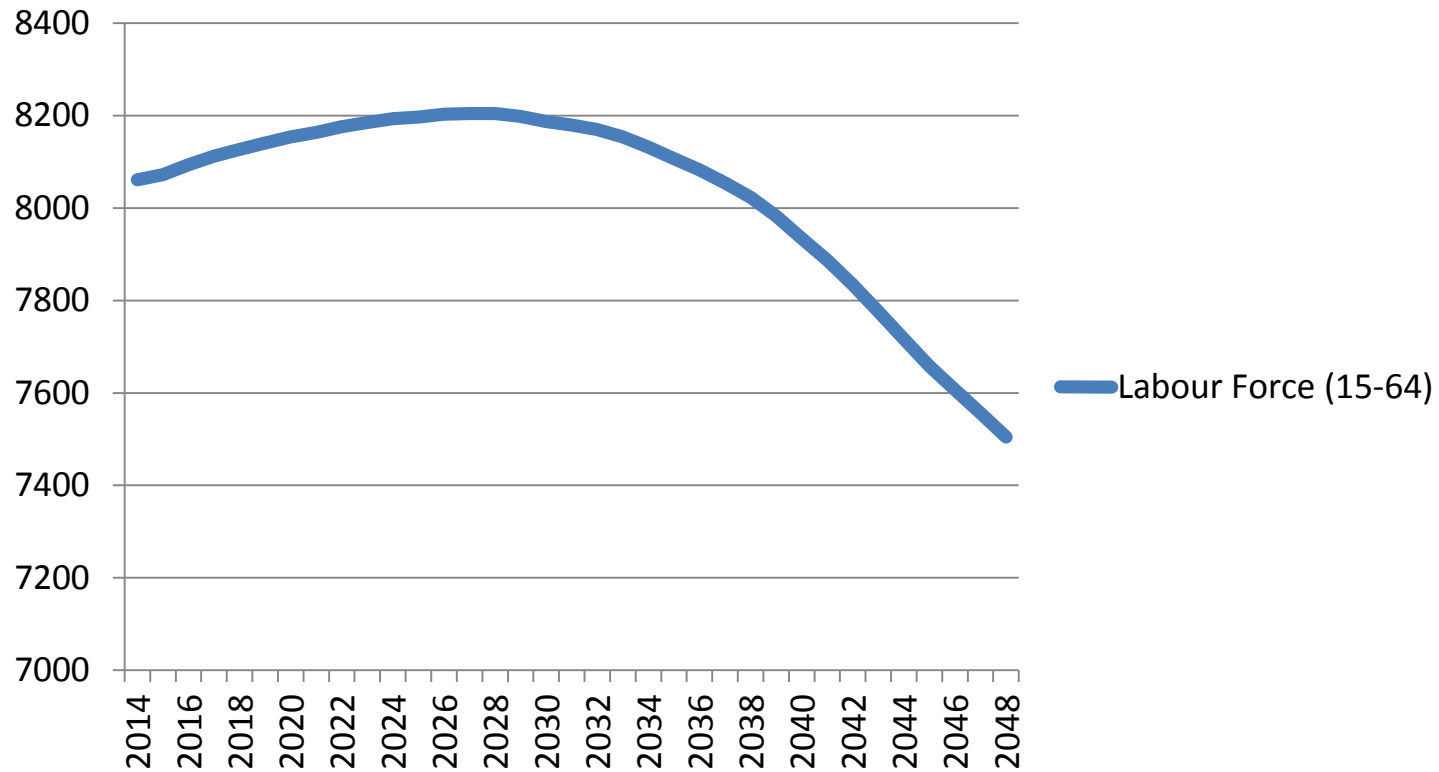


Why are we facing labour shortages?

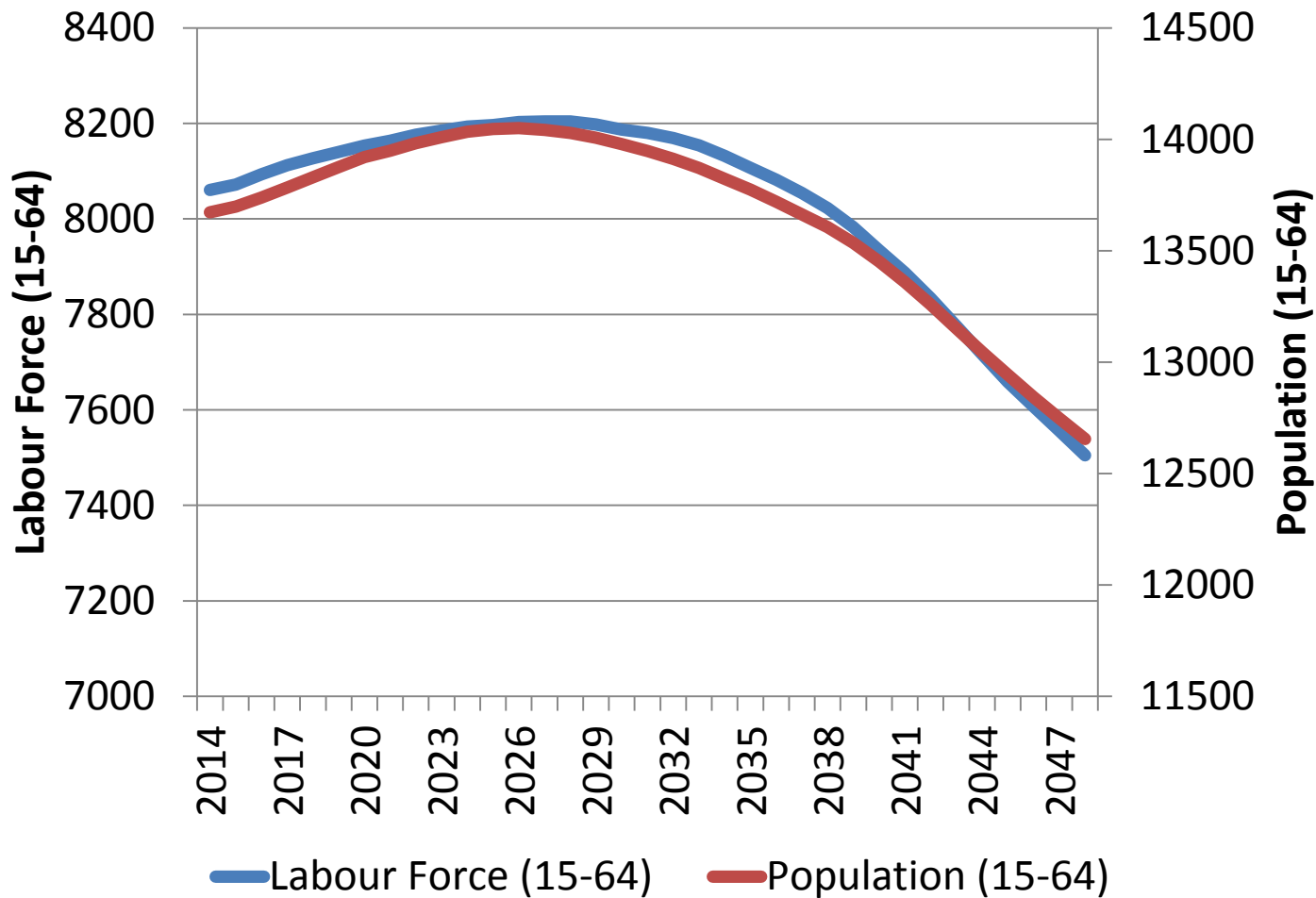
1. The demand for high skilled workers is increasing



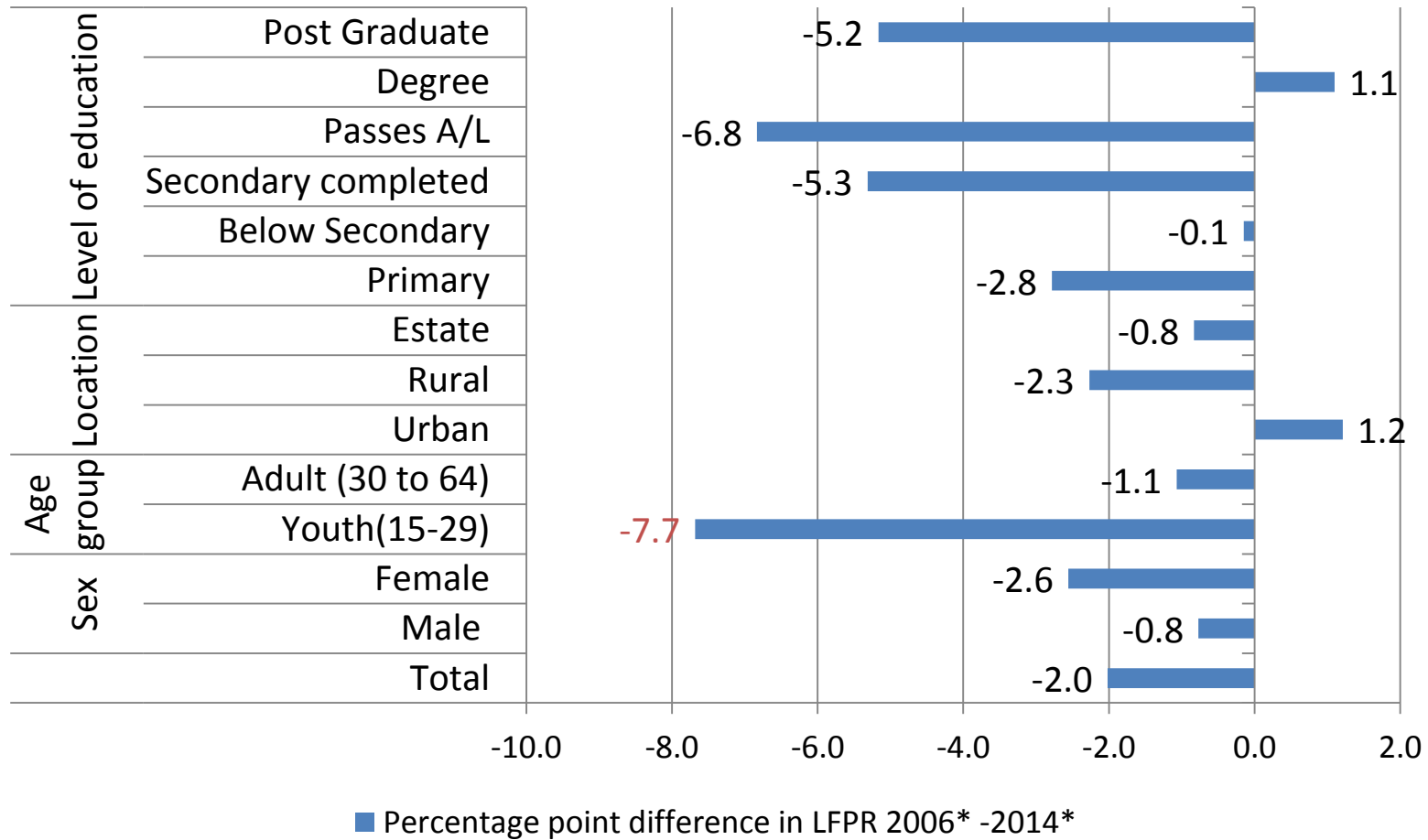
2. Labour force growth is slowing down



... partly due to population trends

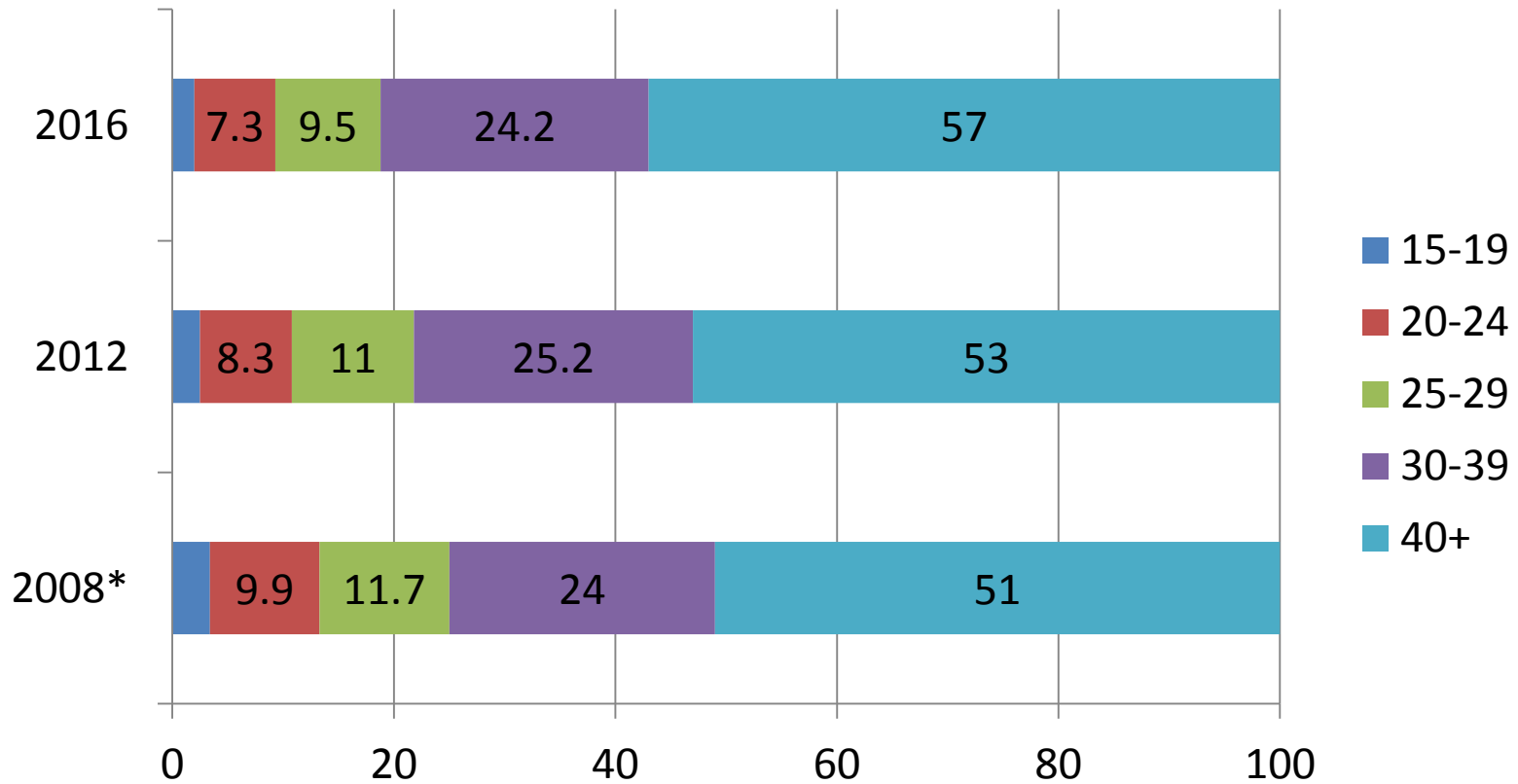


... partly due to lower participation rates



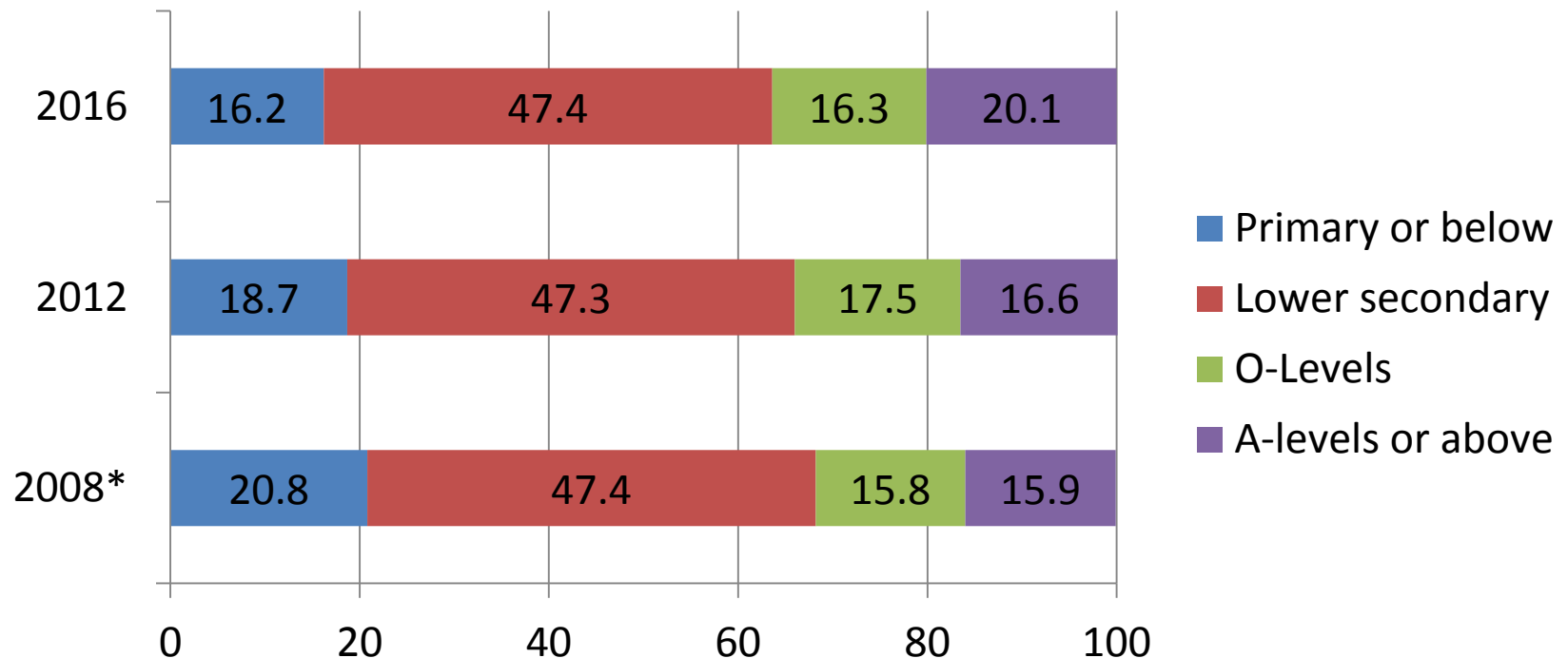
3. Labour force is ageing

Employed, by age group



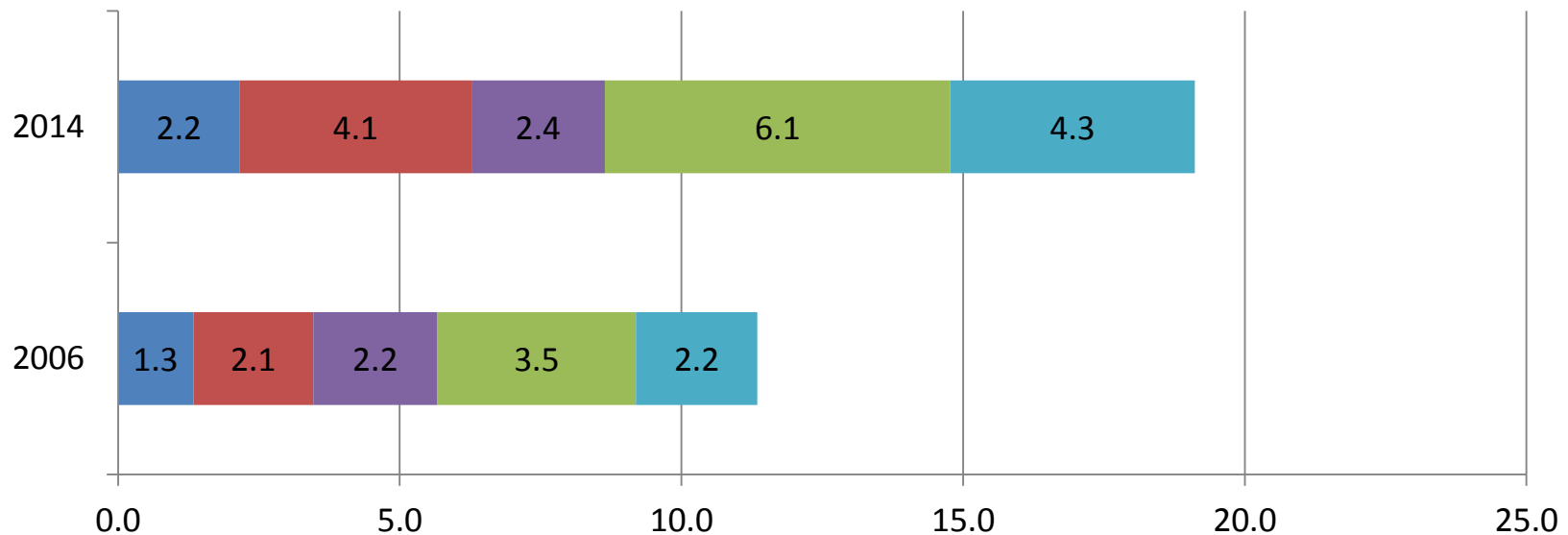
4. Labour force is getting more educated, but slowly

Employed, by level of education



... But education participation is not at the tertiary level

20-24 year olds



School

Vocational/ Technical Institution

Does not Attend

University

Other Edu Institution



5. Reasons for labour shortages

People not interested in job

Too much competition

Poor terms and conditions of job

Salaries/payments demanded are too high

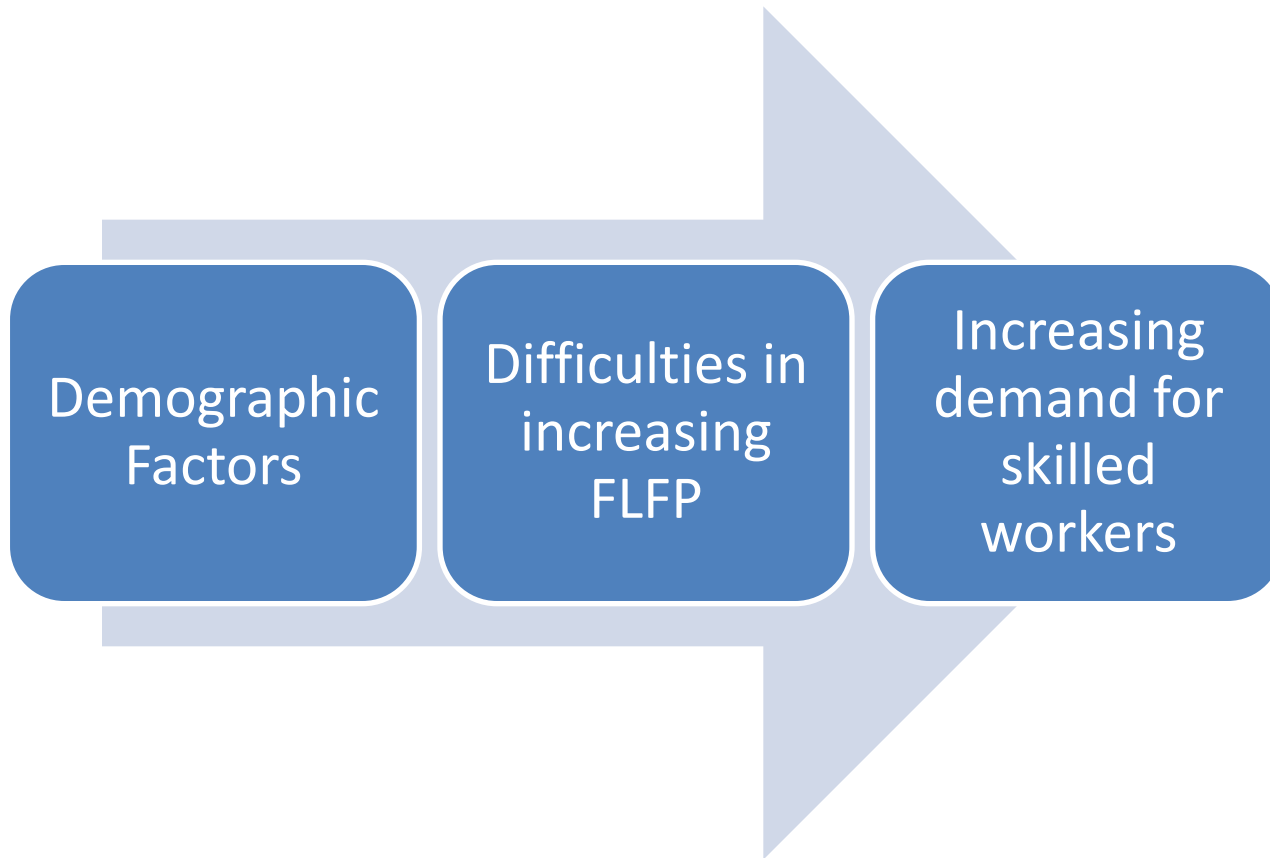
Low number of qualified applicants

(DCS, 2017)

Labour shortages are not unique to Sri Lanka

USA

USA changed migration policy around 1990

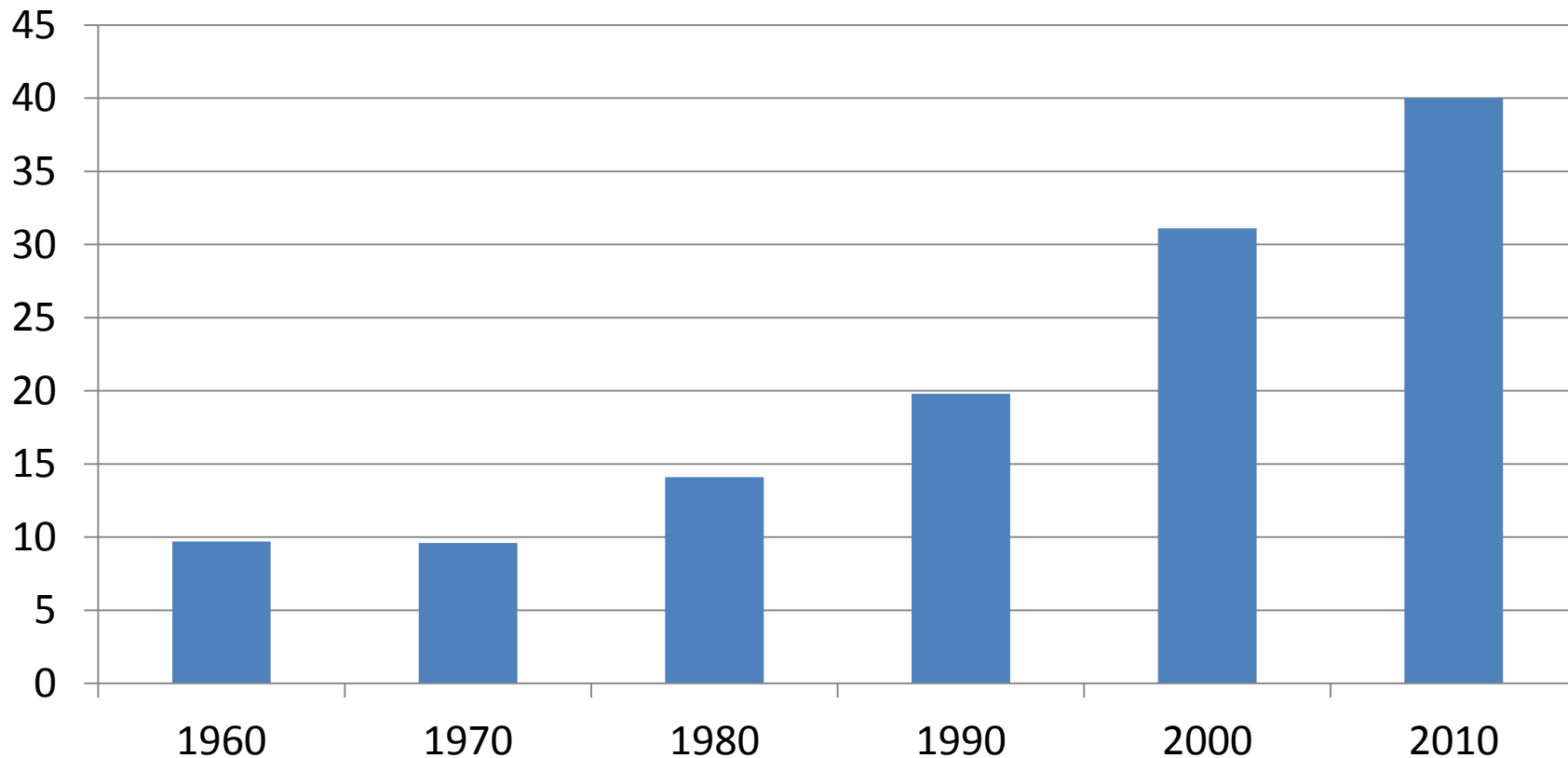


USA migration policy trends

	Trends	Policies
Prior to 1990	Immigration on humanitarian grounds, Illegal workers	
After 1990	Immigration on economic grounds Increased demand for skilled workers	Visa's for skilled workers and students

US Foreign-Born Population

Foreign-Born Population (No. millions)

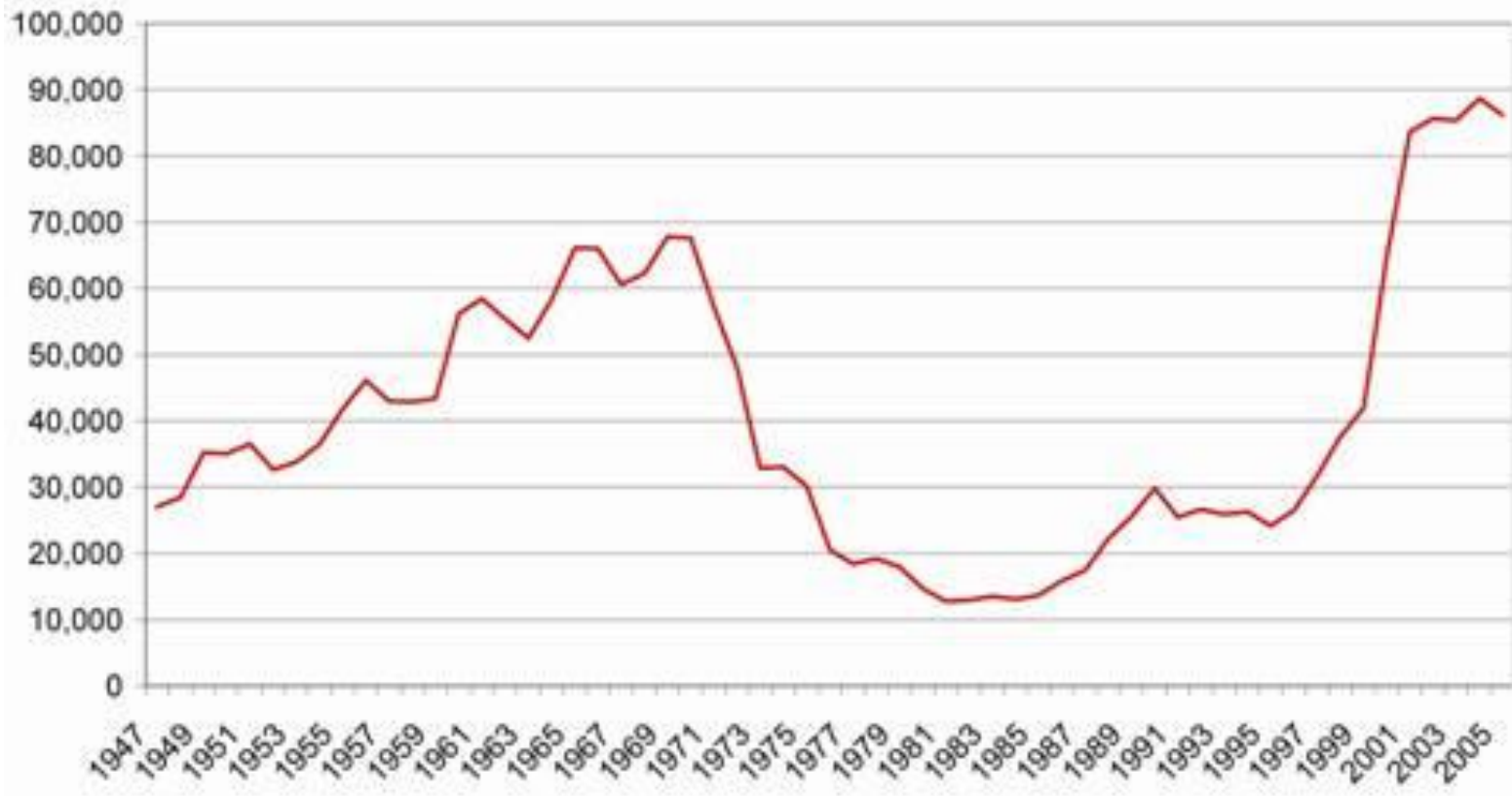


USA immigration visas

	Visa type	Comments
Alien worker	Employment based immigration	Sponsored by US employer
Alien Entrepreneur	Green card through investment	\$1,000,000 USD business investment
Other Alien	Green card through lottery	high school graduate or have two years of work experience within the past five years
Other	Family based immigration	

UK

Work permits issues by UK



Source: Balch (2010)

UK immigration trends

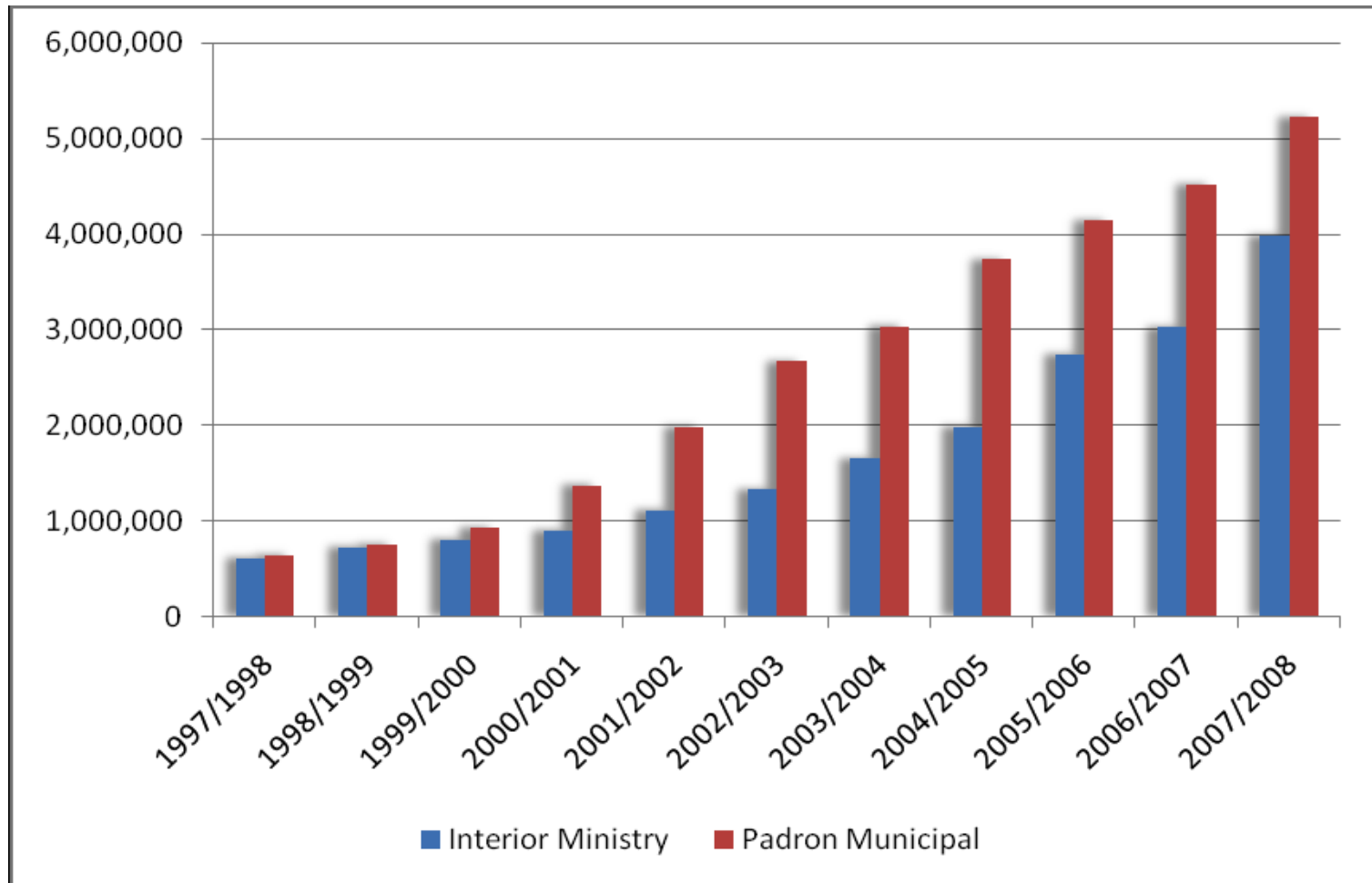
	Trends	Policy change
Pre 2000	1995 (about 33%) of immigrants from USA (less than 10%) Japan, India, Australia and New Zealand	'Zero-immigration'
Post 2000	2000 20% - USA 19% - India	'Managed migration' <ul style="list-style-type: none">- Reduce irregular migrants/ asylum seekers- Attract high skilled workers (point based system)
2008	2008 41.5% - India 13.5% - USA	

UK immigration visas

	Type of visa	Comments
Five tier visa system		
Tier 1	'High-value migrants' from outside European Economic Area (EEA)	(e.g., entrepreneurs, investors)
Tier 2	'Skilled workers' from outside the EEA	<ul style="list-style-type: none">Workers of an international companyWorkers to fill shortages
Tier 3	'Low-skilled workers'	<ul style="list-style-type: none">Fill temporary low-skilled worker shortages
Tier 4	'Students'	
Tier 5	'Special category temporary workers'	Six sub-tiers of temporary workers (e.g., sporting, etc.)
Other visas	Visitor, family, business	

Spain

Foreign residents in Spain (No.)



Source: Balch (2010)

Spain immigration trends

	Trends	Policy changes
1980s -1990s	Increase in irregular migrants	Governed by EU laws Immigration - temporary Quotas by country of origin Employer sanctions for irregular workers
1991	Increase in irregular migrants	Regularization of immigrants 1994 – Family reunification
Post 2004 ‘managed migration	Rapid increase in regular migrants	On Economic grounds Low skilled workers (agriculture, construction, tourism)

Spain immigration visas

	Type of Visa	Comments
Type A	Temporary and/or seasonal workers (9 months)	
Type B Initial	Long term (maximum one year)	Renewable (leads to next visa type)
Type B Renewed	Long term (maximum two years)	Leads to Type C visa)
Type C	Long term (indefinite), renewable every 5 years	

Only employers are allowed to apply for work visas!

South Korea

South Korea immigration trends

	Migration trends	Policies
Prio to 1980s	Labour Exporter – West Germany - mining and nursing Middle East - construction	
Post 1980s	Economic development, industrialization, demographics Less workers for go ddd (dirty, dangerous, difficult) jobs Foreign workers increased.	1991 - Industrial Training Program for Joint Ventures (JVTP) Industrial and Technical Training Program (ITTP) to import labor in 1993
Since 1990s	Labour Shortages	MOUs with labour exporting countries

Sri Lanka

Sri Lanka immigration trends

	Migration trends	Policies
1980s - Now	Increase in emigration of workers	Promote foreign employment
	Some immigrants in BOI companies (Director & Managerial and Technical & Skilled workers)	Workers come under 1) Intra-company transfers, 2) Contractual suppliers, 3) Business visitors
Current	A large number of foreigners from India, China and Bangladesh are already working in different sectors	

Solutions to labour shortages

Coping with skills labour shortages - Example

Increase LFP

Train available workers

Improve incentives to attract more workers

Mechanization

Improve labour management (e.g., informal workers, public sector workers)

Foreign workers

If promoting immigration ...

What are the consequences?

- Loss of jobs in Sri Lanka?
- Lowering of wage rates
- Religious/ cultural issues
- National security
- Illegal immigration
- Abuse of visa

What type of policies?

- What type of workers (skilled/ unskilled)?
- Temporary or permanent?
- Under what type of visa?
- What institutional setup?

Certification of professionals

Local certification

- Act 16 (Foreign qualified doctors)
- Final law college exam (Foreign qualified lawyers)

Mutual recognition Agreements (MRAs)

- E.g., MRAs in ASEAN countries (e.g., nurses, etc.)

Other issues to consider

- Rights of migrant workers (UN convention)
- How to manage illegal workers
- Public health considerations
- Social protection for foreign workers
- Families of foreign workers

Summary

- Sri Lanka is facing a labour/ skill shortage situation
- Training, increasing LFP, better utilization of workers can ease labour shortages, but to a limited extent
- But labour shortages are likely to increase in future
- If bringing in foreign workers, policies must be carefully drafted so as not to destabilize the local labour market



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