



Changing Characteristics and Rising Quality of Mainland Migrants

by

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Introduction

The abolition of the reached-base policy in October 1980 marks a watershed in the composition and characteristics of Mainland migrants. Prior to that date most of the Mainland migrants who arrived in Hong Kong were illegal immigrants who were allowed to stay under the reached-base policy. Since its abolition Mainland migrants can only migrate to Hong Kong legally subject to an agreed daily quota between the Hong Kong and the Chinese governments. To clear the backlog of Mainland spouses and children of Hong Kong residents who would have the right of abode in Hong Kong under the Basic Law that would take effect in 1997, the daily quota of 75 was increased to 105 in 1993 and further to 150 in 1995, which remains up to the present. Under this quota scheme, migrants must hold Permits for Proceeding to Hong Kong and Macao (commonly known as One-way Permits (OWP)) issued by the Mainland authorities for entrance into Hong Kong. The characteristics of the OWP migrants are very different from the illegal immigrants who arrived before October 1980. In the initial years, unlike the illegal immigrants who are likely to be young males, most of them are children and young spouses of Hong Kong residents with generally low level of educational attainment. However, as we will show later, their demographic and socioeconomic characteristics gradually change over time. In 2019 the number of OWP migrants admitted to Hong Kong is 39,060.

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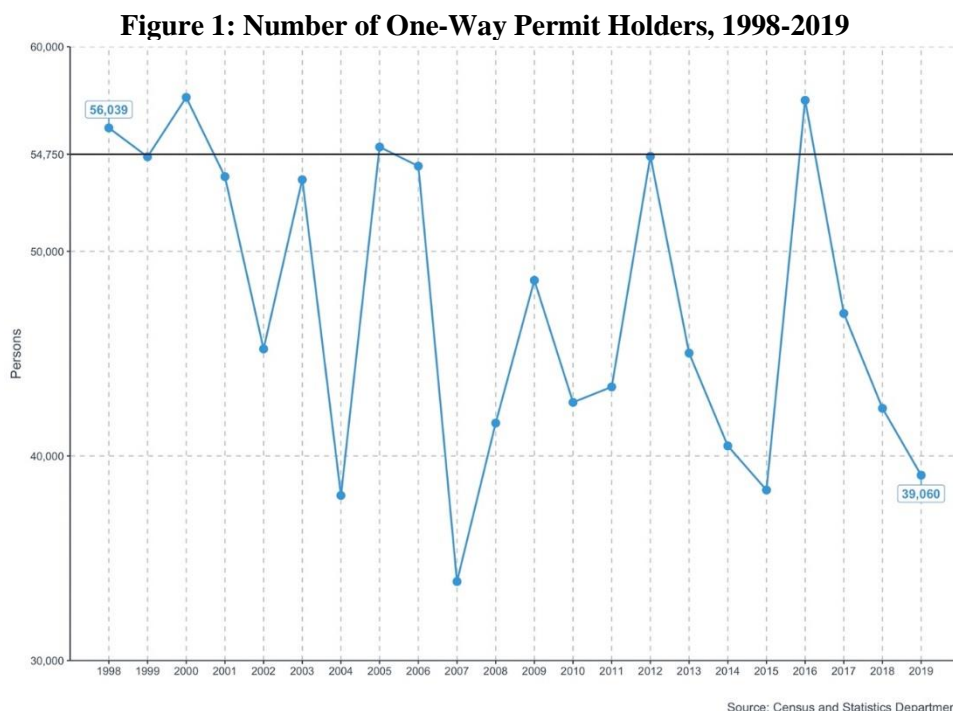
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When people talk about Mainland migrants they tend to focus on the OWP scheme which is mainly for family reunion purpose, paying little regard to the other Mainland migrant schemes that operate in parallel. There are at least four schemes based on qualifications and potential human capital contribution of Mainland migrants to Hong Kong, one scheme for non-local graduates from the Mainland studying in Hong Kong and one scheme for Mainland investors and entrepreneurs. Migrants under these six schemes are very different in characteristics from the OWP migrants. Over time as these schemes expand, the composition and characteristics of newly arrived Mainland migrants undergo substantial changes.

Characteristics of OWP Migrants

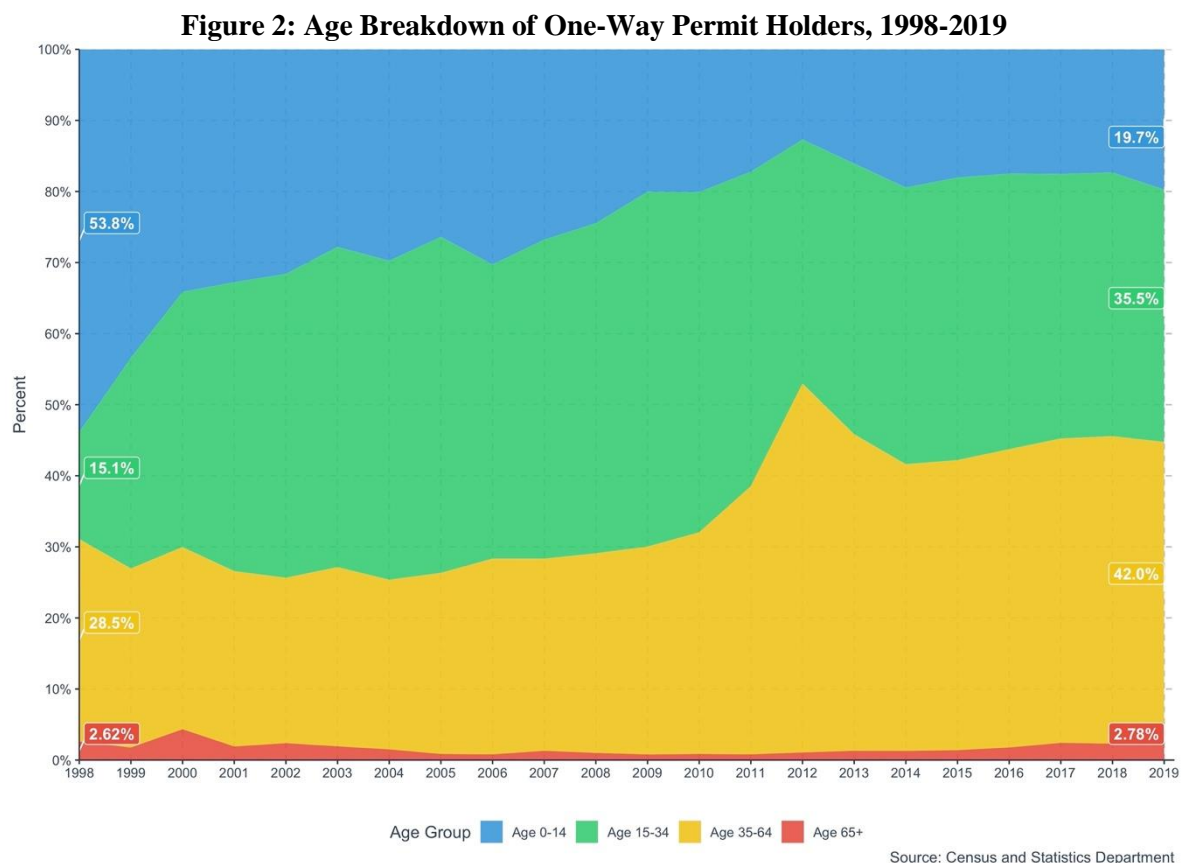
Liu, Lam and Shui (2016) gives a comprehensive review of the demographic changes of OWP migrants from 1998 to 2015. Here we update the review to show that the demographic changes continue to 2018. Data on the demographic characteristics of OWP migrants are collected by the Home Affairs Department when they enter Hong Kong.

Figure 1 shows the change in the annual number of OWP migrants over time since 1998. With the exception of 1998, 2000, 2005 and more recently 2016, the number of OWP migrants admitted consistently falls short of the annual quota of 54,750 (i.e. 150 a day), in fact falling below 40,000 in some years (2004, 2007, 2015 and 2019).



Age Breakdown

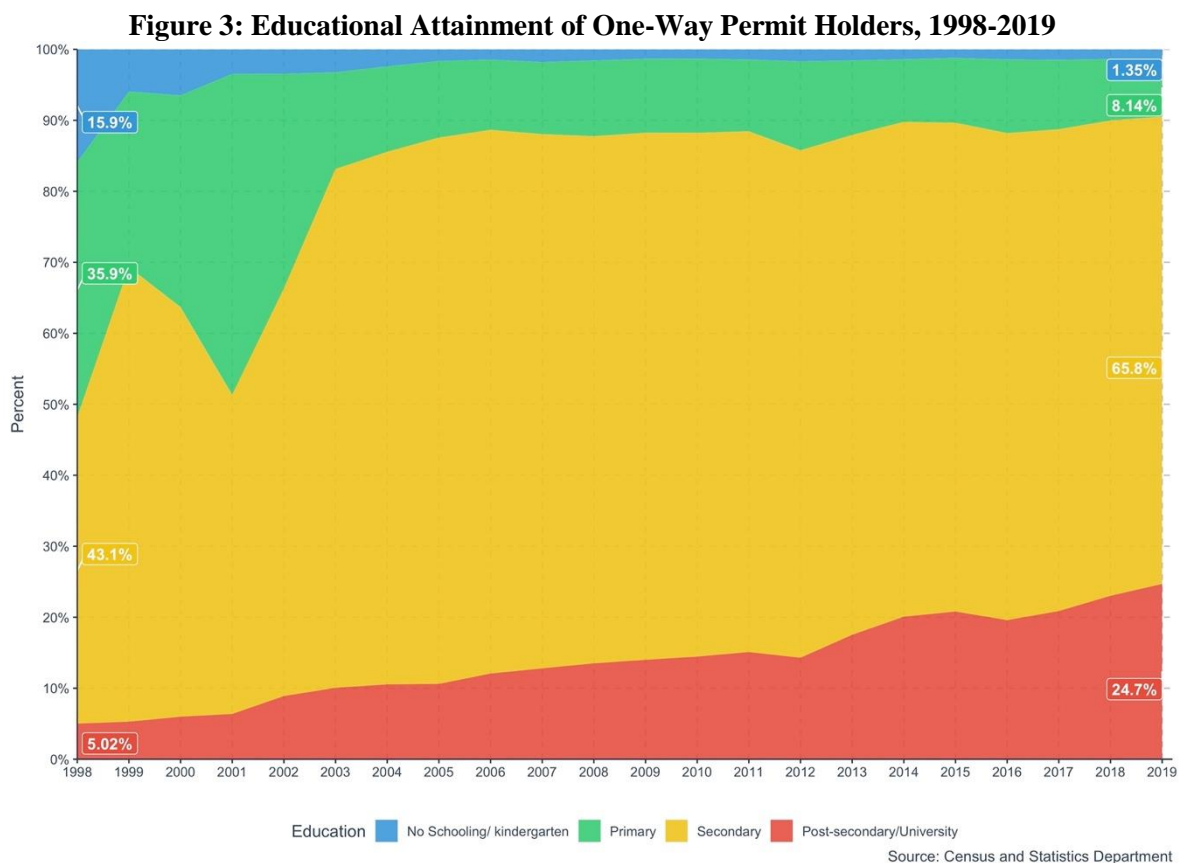
Of pertinent interest is the change in the age structure of these migrants. Figure 2 shows that the proportion of children migrants under age 15 in the OWP migrants falls rapidly from 53.8% in 1998 to 27.8% in 2003 and continues to drop to 19.7% in 2019. The high percentage of children in 1998 reflects the backlog of children waiting to come to Hong Kong for family reunion with their parents. The median age of OWP migrants is as low as 13 in 1998, reflecting the dominance of children in the group. As this backlog is cleared in the initial years after 1997, the percentage of children drops rapidly. The median age of OWP migrants has since risen to 31 in 2011 and remains at 31-32 up to 2018. Compared to the median age of 43.4 of the Hong Kong population in 2016, OWP migrants are a very young group. Their infusion into the population helps to alleviate the grievous population ageing problem of Hong Kong.²



² For a discussion of the population ageing problem of Hong Kong and an estimation of the contribution of Mainland migrants in slowing down the process, see Liu, Lam and Shui (2016).

Educational Attainment

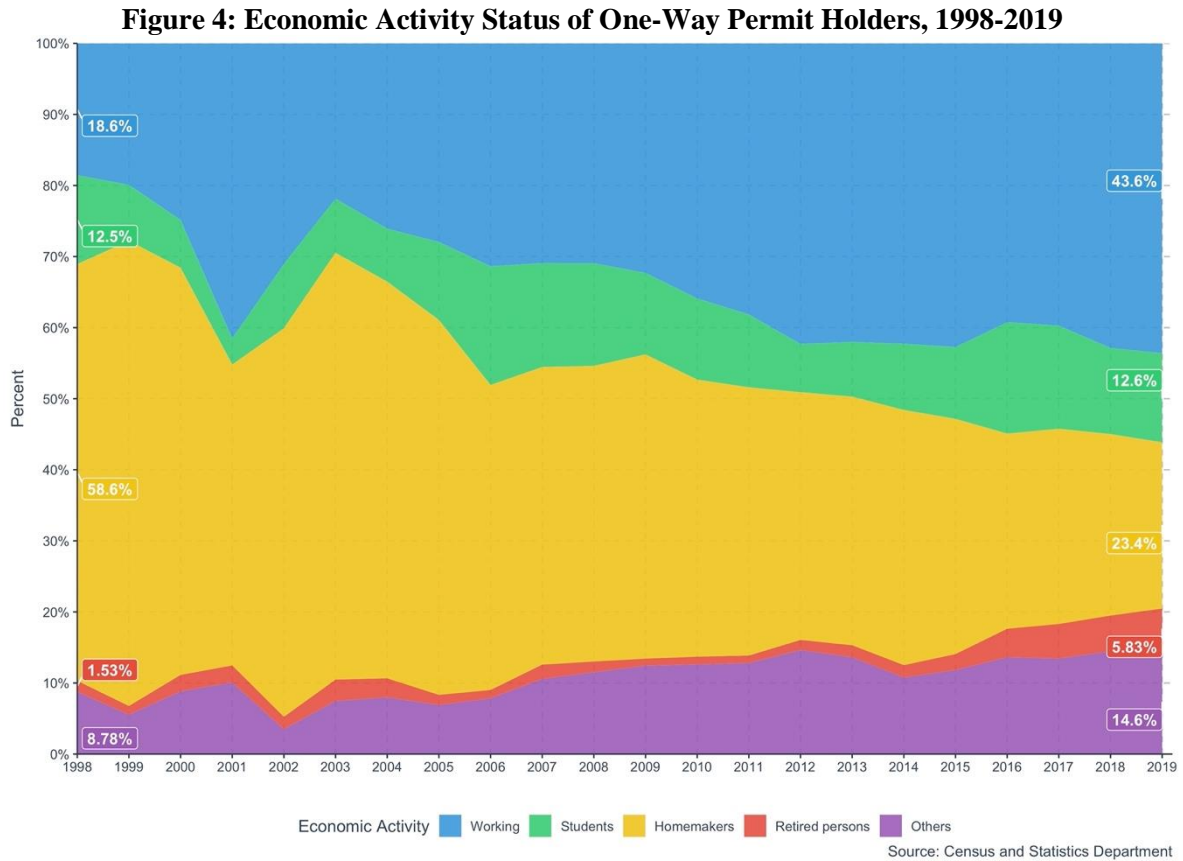
An important attribute of the Mainland migrants is their educational attainment level before migration. A higher level of educational attainment will likely enable the migrants to engage in better paid jobs, thereby facilitating their economic integration in Hong Kong. Figure 3 shows that the educational attainment level of OWP migrants have improved considerably over the years. While more than half (51.8%) of the OWP migrants aged 15 or above arriving in 1998 have primary or below level of schooling, this proportion has fallen sharply to 9.4% in 2019. Conversely, the percentage with post-secondary/university education rises from a meagre 5.0% to 24.7% over the same period.



Economic Activity Status Before Migration

The economic activity status of the migrants in the Mainland before migration is a useful indicator of their labour market participation status in Hong Kong. Figure 4 shows that in 1998 18.6% of migrants aged 15 or above worked in the Mainland labour market, while 58.6% of them were homemaker before migration. These statistics are consistent with the

public perception that most of the adult OWP migrants are female homemakers and they tend not to take up market work in Hong Kong after migration. However, this picture has changed considerably over time. In 2019 43.6% worked before migration and only 23.4% were homemakers.



Language and Provincial Origin

The ability to speak Cantonese, the local dialect of Hong Kong, is an important factor in integration into the Hong Kong society after migration. OWP migrants' ability to speak Cantonese is closely related to their provincial origin in the Mainland. Figure 5a shows that in the early years after the reversion of sovereignty, 80%-90% of the OWP migrants originated from Guangdong Province, where most of the spouses and children of Hong Kong residents reside. Cantonese is the major dialect of the province. It is not surprising that 80%-90% of the migrants can speak Cantonese. However, the provincial origin of OWP migrants has diversified over time, especially as cross-border marriages have become more common and geographically diversified (see Figure 5b). In 2019 Guangdong accounts for only 66.0% of OWP migrants,

declining from 90.4% in 1998. The proportion of Fujian, the second largest origin, has increased from a miniscule 1.4% in 1998 to 12.0% in 2019. Other provinces/municipalities that send significant number of OWP migrants to Hong Kong include Hunan, Guangxi, Sichuan, Hubei, Hainan and Chongqing. The diversification of the provincial origin of OWP migrants underpins the declining trend of the percent of migrants who can speak Cantonese. In 1998 82.1% of the OWP migrants can speak Cantonese. By 2019 it has fallen to 68.2%. Diversification of the source of migrants from non-Cantonese speaking provinces will have an adverse effect in the migrants' social and linguistic integration in Hong Kong.

Figure 5a: Cantonese Proficiency of One-Way Permit Holders, 1998-2019

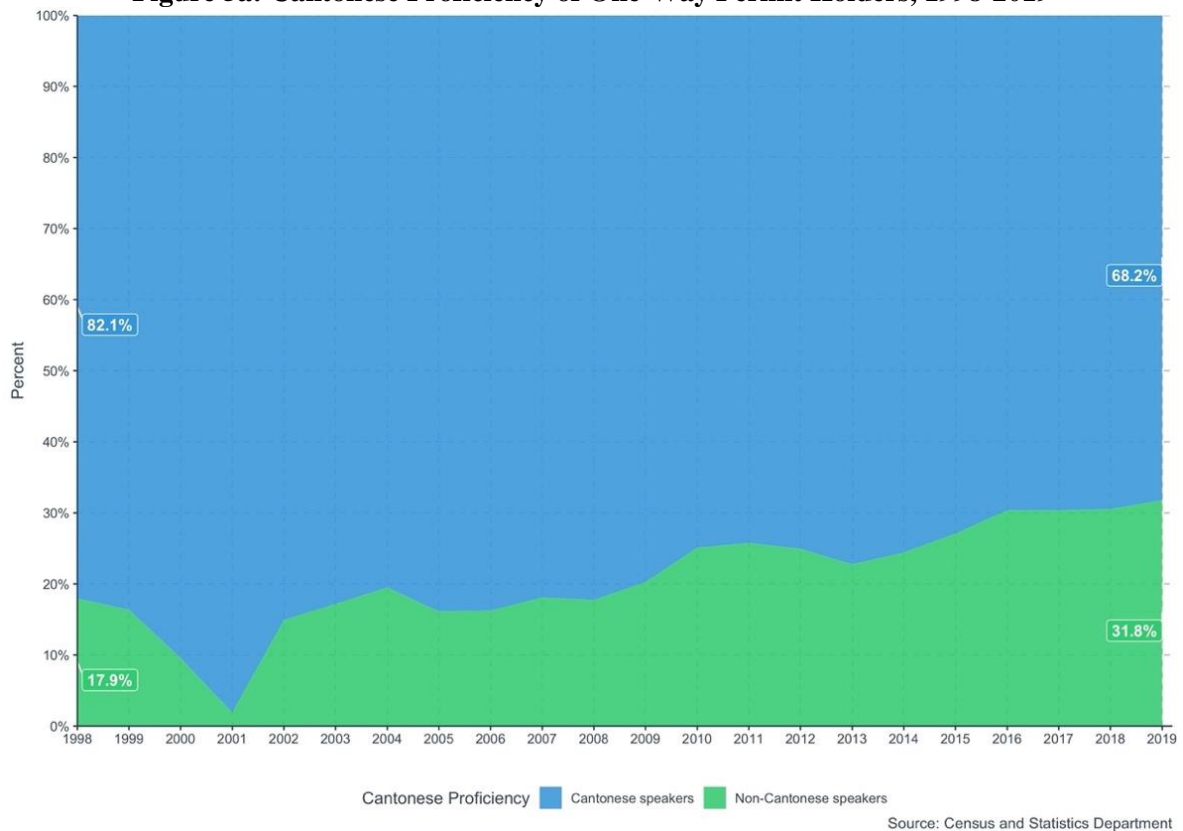
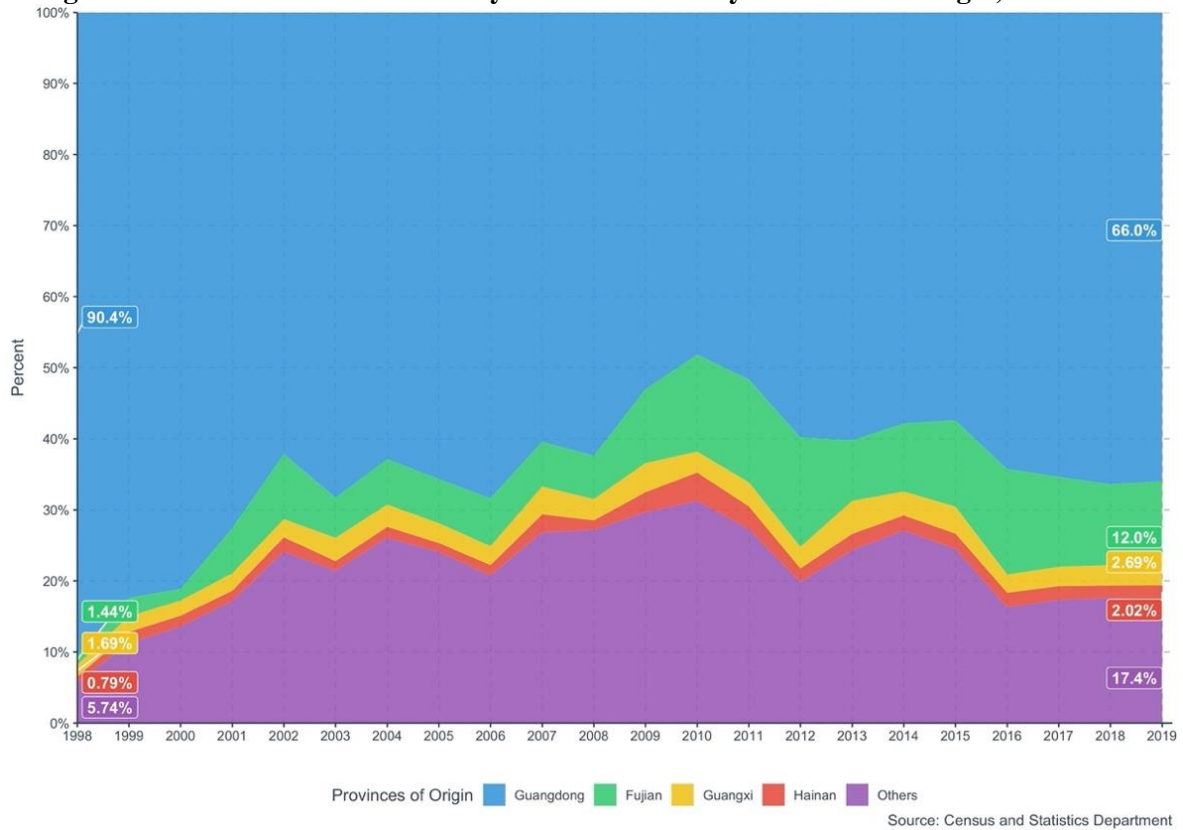


Figure 5b: Classification of One-Way Permit Holders by Provinces of Origin, 1998-2019³

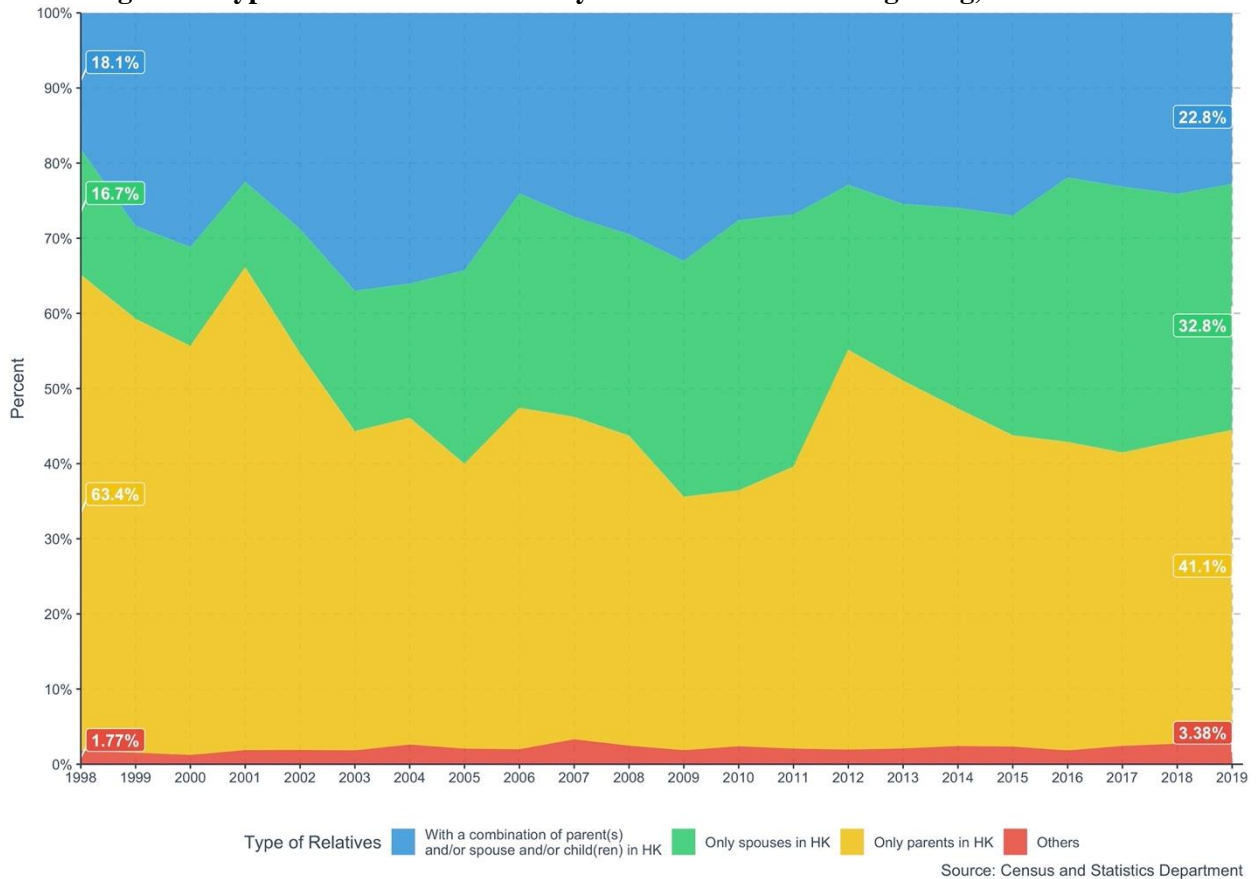


Relatives in Hong Kong

As the backlog of OWP child applicants who have been waiting to migrate to Hong Kong for e-union with their parents was substantially cleared shortly after 1997, there has been a shift in the distribution of the types of relatives with whom the OWP migrants come to Hong Kong for reunion. Figure 6 shows that in 1998 63.4% of the OWP migrants only have parents in Hong Kong and 16.7% only have spouses in Hong Kong. As the aforementioned backlog has been cleared, the former percentage has dropped to 41.1% whereas the latter percentage rises to 32.8% in 2019. The OWP Scheme is increasingly catering to the need for reunion of cross-border spouses. This brings us to the changing phenomenon of cross-border marriages in recent years.

³ Respondents originating from Sichuan, Chongqing, Hubei and Hunan are included in the group “others” to avoid data inconsistency due to changes in classification over the years.

Figure 6: Type of Relatives of One-Way Permit Holders in Hong Kong, 1998-2019



Cross-border Marriages

In the 1980s and 1990s many cross-border marriages involve Hong Kong men who years ago came to Hong Kong (most likely as illegal immigrants) returning to their home villages on the Mainland to get married. Their children born in the Mainland have the right of abode in Hong Kong after 1997; they form the queue waiting for OWP to come to Hong Kong alone or with their mothers for family reunion with their fathers. The current trend of cross-border marriage is different. Since 1997 the number of cross-border marriages registered in the Mainland has been declining whilst the number registered in Hong Kong is on the rise (see Figure 7). In 2017, out of the total 21,231 cross-border marriages, 16,535 (77.9%) were registered in Hong Kong, only 4,696 (22.1%) in the Mainland whereas in 1989, 96.1% of the 15,180 cross-border marriages were registered in the Mainland. Instead of Hong Kong men returning to their home villages to get married, Hong Kong residents are now marrying Mainland spouses in Hong Kong. Previously in 1989, 88.6% of the cross-border marriages involve Hong Kong bridegrooms marrying Mainland brides. Only 11.4% of the marriages

involve Hong Kong brides marrying Mainland bridegrooms. This gender imbalance has changed markedly in recent years. In 2019 32.6% of the marriages involve Hong Kong brides marrying Mainland bridegrooms (see Figure 8).

Figure 7: No. of Cross-border Marriages Registered in Hong Kong and in Mainland, 1989-2017

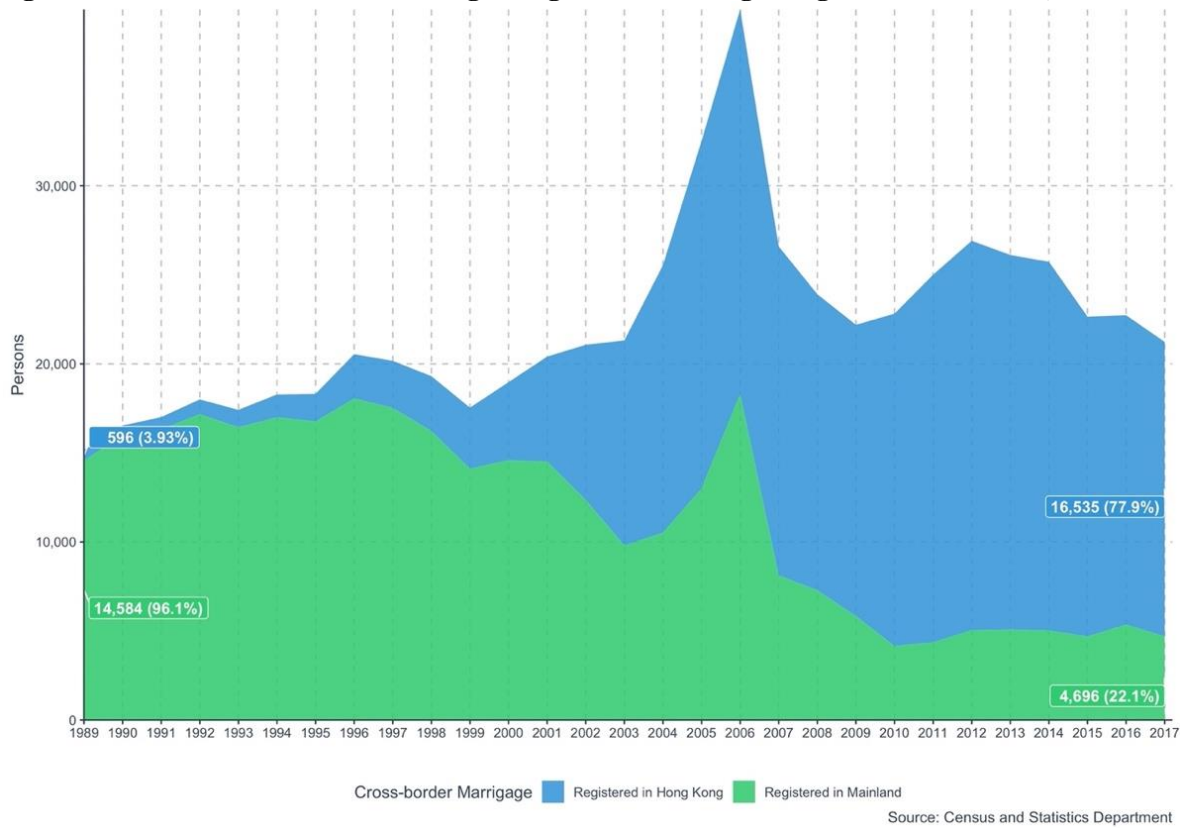
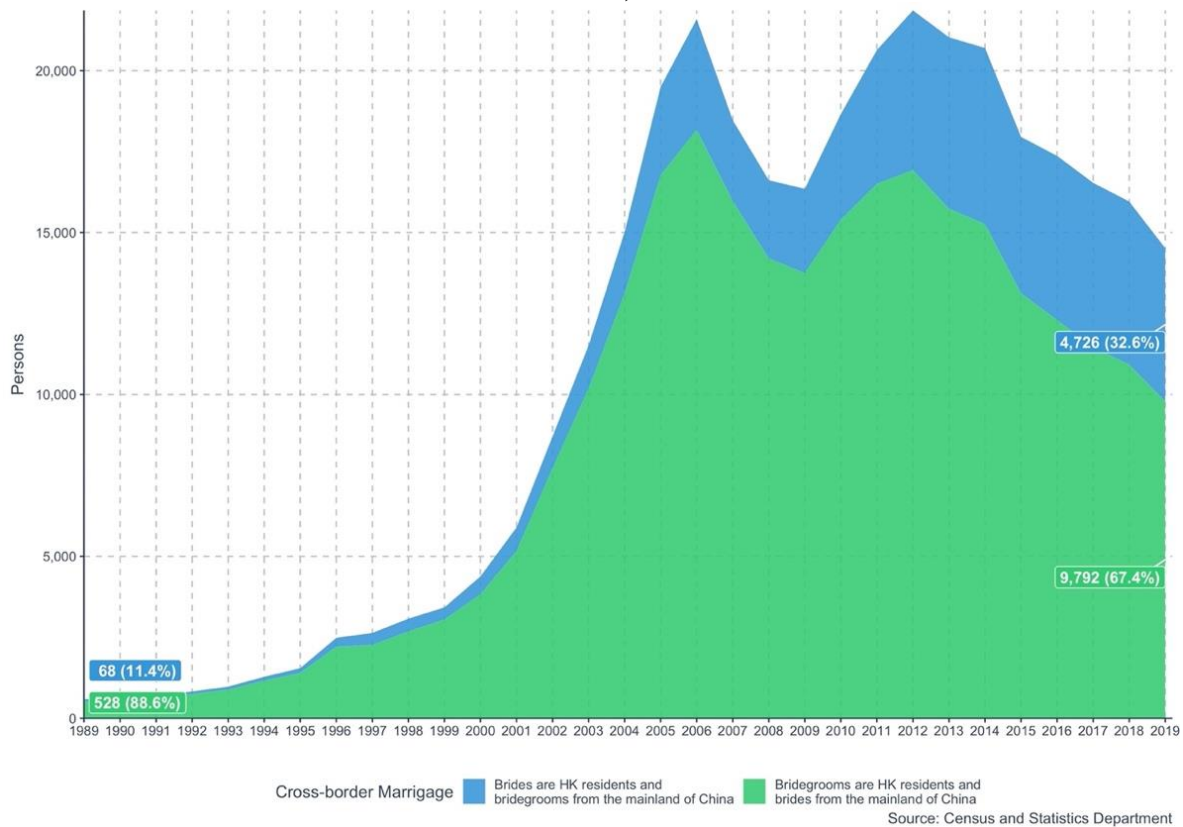


Figure 8: Number of Marriages Registered in Hong Kong with Bridegrooms/Brides from Mainland China, 1989-2019



The socioeconomic characteristics of the bridegrooms and brides in cross-border marriages have also changed considerably over the years. In the 1980s and 90s, many of the cross-border marriages involve Hong Kong men of low educational attainment going back to their native villages to marry Mainland wives who may be 20 or 30 years younger. Recent cross-border couples are more likely to be young well-educated professionals who met their future spouses at work or in university either in Hong Kong or the Mainland and have their marriages registered in Hong Kong. Their educational attainment are higher than previous cross-border couples. In 2001 cross-border marriages, only 4% of the Hong Kong persons have post-secondary educational attainment or higher. By 2016, it has gone up to 17%.⁴

The spouses and children of many of these cross-border marriages will, in time, apply for OWP to settle in Hong Kong. Since the annual number of cross-border marriages is over 21,200 a year and rising and over 16,500 of them are registered in Hong Kong, it is expected that the spouses and children of these marriages will form the bulk of the applicants for the

⁴香港集思會 (2017 年 9 月)。《香港與內地跨境婚姻 (第二次探討) — 最新趨勢及啟示》。
http://www.ideascentre.hk/wordpress/wp-content/uploads/2009/02/Cross-border-Marriages-Report_Final.pdf

OWP in the future. This explains why the proportion of OWP migrants with university/post-secondary educational attainment has been rising rather rapidly in recent years (see Figure 3).

Schemes for Admission of Mainland Talents and Professionals

Besides the One-way Permit Scheme which caters for family reunion, there are a number of migration schemes under which Mainland talents and professionals can be admitted.

1. Admission Scheme for Mainland Talents and Professionals (ASMTP)

Over the years Hong Kong Government has introduced a number of schemes with the aim of bringing Mainland professional and skilled personnel to Hong Kong. In 1994 a pilot importation scheme with an annual quota of 1,000 was implemented. Candidates were restricted to graduates of the 36 designed key Mainland universities. They were not allowed to bring their families with them to Hong Kong. This pilot scheme was not successful in bringing a significant number Mainland professionals to Hong Kong because of the many restrictions and high cost of recruitment and time delay in processing.

In December 1999 an Admission of Talents Scheme was introduced to attract talents from the Mainland to take up employment in Hong Kong. The Scheme is applicable to all sectors. Applicants must have outstanding qualifications (e.g. PhD degree) and expertise or skills not readily available in Hong Kong and they must have a confirmed job offer. This was supplemented by an Admission of Mainland Professionals Scheme in June 2001. The requirements were relaxed to a good education background (e.g. first degree), good technical qualifications or proven professional abilities. The Scheme covered only IT and financial services. These two schemes admitted a cumulative total of only a few hundred entrants before they were superseded by the Admission Scheme for Mainland Talents and Professionals (ASMTP) in July 2003 which is the scheme in effect today.

ASMTP allows qualified Mainland applicants to work in HKSAR in order to meet local manpower needs. It is more relaxed in requirements and it has no sectoral restrictions. Besides the main industrial, trade and financial sectors, it also caters for the entry of talents and professionals in the arts, culture, sports and culinary sectors. More importantly, it allows

entrants to bring their dependants with them to Hong Kong. Currently this is the major scheme that admits the largest number of Mainland talents and professionals, a total of 14,053 in 2019.

2. *General Employment Policy (GEP) for Mainland Professionals Residing Overseas*

As early as September 1990 the government allowed Mainland Chinese residents who had confirmed job offers and who were presently residing overseas to apply for entry under the General Employment Policy (GEP). These applicants must apply from overseas and had been residing overseas for at least two years at the time of application. The overseas residential requirement was relaxed to one year in November 2000. In contrast to the number of professionals who apply under ASMTTP, the number from overseas is small, only 406 in 2017.

3. *Quality Migrant Admission Scheme (QMAS)*

The Quality Migrant Admission Scheme which the government introduced in June 2006 is different from all the other talents and professionals scheme in that it does not require the applicant to have a job offer. The Scheme is meant to attract talents who are so outstanding in achievement that employment requirement is not necessary for admission. Applicants must have a good education background (e.g. first degree), good technical qualifications or proven professional abilities. They are screened by a General Points Test or an Achievement-based Points Test. In January 2008, the marking scheme of the Points Test was adjusted to favour younger applicants. The Scheme applies to all sectors and is open to applicants from all countries. However, it is expected that most of them will be from the Mainland. In response to a large increase in applications after 2018 the government raised the Scheme annual quota from 1,000 to 2,000. Since its implementation in 2006, the Scheme has allotted quotas to 7,127 migrants, of whom 86.7% are from Mainland China, and almost half of them (47.6%) are engaged in finance and accounting, and information technology and telecommunication.⁵ However, the actual annual intake remains modest, amounting to only 803 in 2019.

⁵ Statistics of the Security Bureau, Hong Kong SAR Government, reported in *Hong Kong Economic Journal*, 7 January 2021.

4. Technology Talent Admission Scheme (Tech TAS)

This is the most recent admission scheme introduced in June 2018 as part of government's drive to promote innovation and technology in Hong Kong. This Scheme applies to only the technology sectors, which include biotechnology, artificial intelligence, cybersecurity, robotics, data analytics, financial technologies and material science. Applicants must have a confirmed job offer pertaining to R & D. They are required to have a degree in science, technology, engineering or mathematics (STEM) from a well-recognized university. The employing companies must have a quota allotted by the Innovation and Technology Commission. While the Scheme is open to applicants from all countries, it is expected the most of the applicants will be from Mainland China. In the first year of implementation only 24 were admitted of whom 15 were from the Mainland. The number admitted from the Mainland in 2019 rose to 56.

Immigration Arrangement for Non-local Graduates

Another major source of Mainland migrants are the non-local Mainland students who stay behind after graduation to work in Hong Kong. In August 2001, the government first introduced an admission of Mainland students graduating from institutions funded by the University Grants Committee (UGC) since 1990. These applicants must return to the Mainland after graduation and apply from there. Because of the cumbersome application procedure, the scheme was not attractive. In 2006 only 405 cases were approved. This scheme was superseded by the Immigration Arrangements for Non-local Graduates (IANG) in May 2008. Under the IANG, non-local fresh graduates from all countries who have an undergraduate or higher qualification in a full-time and locally accredited programme in Hong Kong can apply within six months of graduation to stay in Hong Kong without a confirmed job offer. Returning graduates who apply beyond six months of graduation, however, need to have a confirmed job offer. Initial duration of stay granted is 12 months, which can be extended at the end of the period upon having secured a confirmed offer of employment at a level commonly taken up by degree holders with a remuneration package commensurate with the prevailing market level. For those who have established business in Hong Kong, they are required to produce proof of their business. After a continuous residence of seven years, they may apply for the right of abode. The seven years of residence include their years of study in Hong Kong.

The great majority of the non-local graduates in the IANG scheme are from the Mainland. This revamped scheme is much more attractive to Mainland graduates than the antecedent one. In 2008 the number of Mainland graduates admitted under the IANG is 2,658, compared with 405 in 2006 under the previous scheme. By 2019, it has risen to 9,757, an increase of over 267% in slightly over ten years. Over 90% of all non-local graduates (10,150) apply for this scheme. It becomes the second largest source of high level human capital from the Mainland after ASMTP.

The IANG Mainland migrants are highly educated. In 2019-20 (as of February 2020), 73.0% have a Master's degree, 10.1% have a PhD degree and the rest have a Bachelor degree or equivalent (See Figure 9). Since 2015 Department of Immigration maintains statistics on successful applicants for extension stay under the IANG. Figure 10 shows that the largest employment sector of IANG migrants is the financial services sector, accounting for 40.9% of those who extended their stay in 2019-20 (as of February), followed by academic research and education (14.4%) and commerce and trade (13.9%). Figure 11 shows the income distribution of these successful applicants. The largest percentage (47.5%) of them earn \$20,000-\$39,999 per month in 2019-20. Since we do not have detail breakdown of their work experience, which ranges from 1 to 7 years, there is not enough information for comparison with the earnings of the Hong Kong-born population of the same work experience.

Figure 9: Academic Qualification of Applicants Admitted under IANG in 2019-20⁶

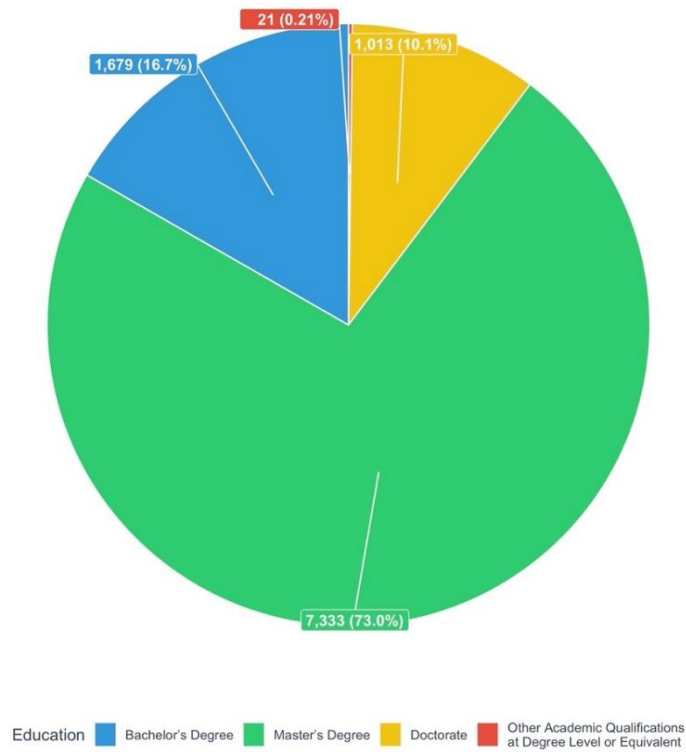
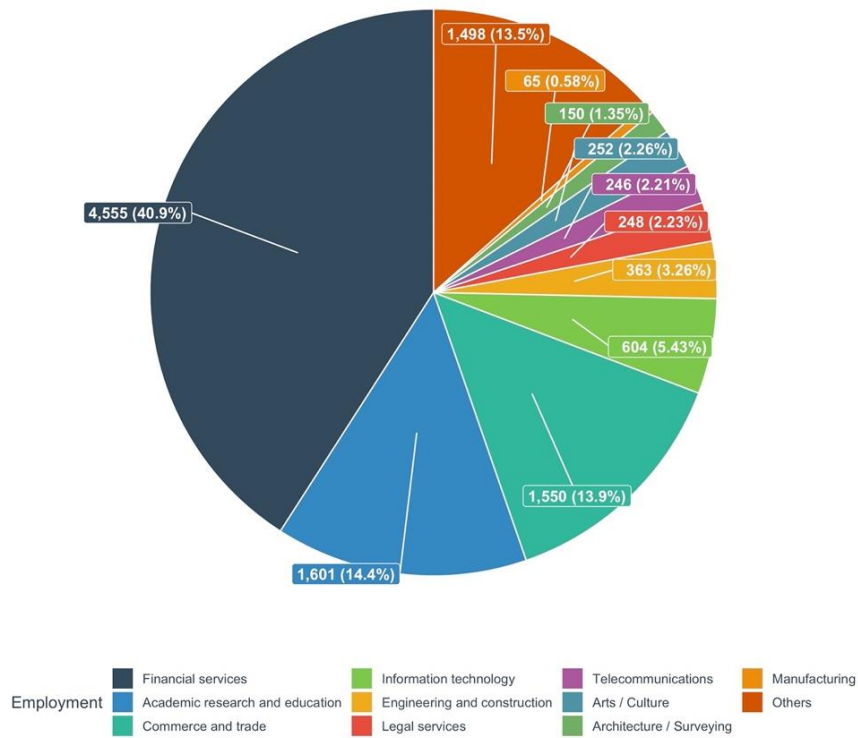
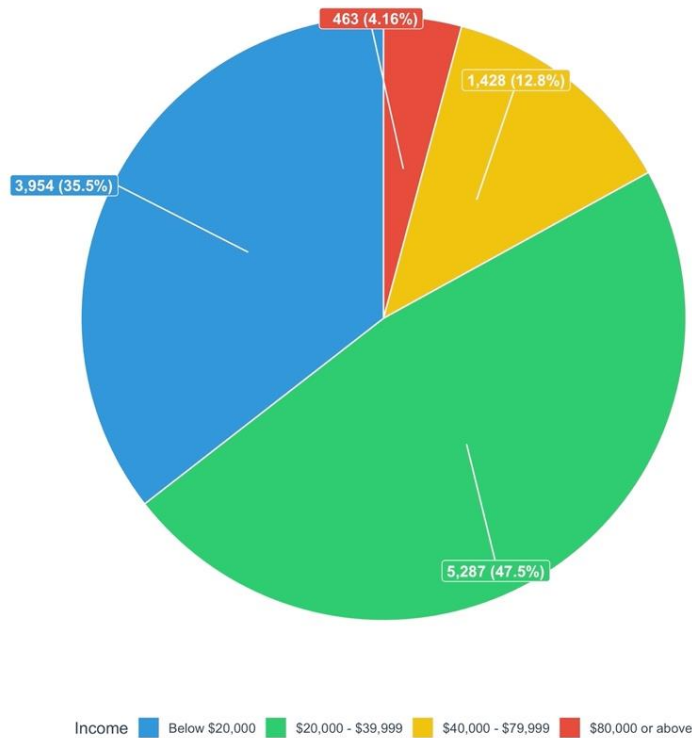


Figure 10: Employment Sectors of IANG Applicants Granted Extension of Stay in 2019-20



⁶ Figures in parentheses denote the corresponding percentages, which may not add up to 100% due to rounding.

Figure 11: Income Distribution of IANG Applicants Granted Extension of Stay in 2019-20



Capital Investment Entrant Scheme (CIES)

Besides the various schemes for Mainland talents, professionals and graduates mentioned above, a Capital Investment Entrant Scheme (CIES) was introduced in October 2003 to admit investors and entrepreneurs from all countries who invest \$6.5 million or more in Hong Kong. As expected, the largest source is again from the Mainland. Many of the investments are related to real estate which generates little employment. In October 2010 the investment threshold was raised from 6.5 million to 10 million and real estate as a class of permissible investment assets was suspended. Since January 2015 the CIES no longer accepts new applications even though pending cases will be processed. In 2015 the number of CIES entrants from the Mainland was 2,662. Since 2015 the small number admitted comes from the processing of pending cases.

Changing Characteristics of Migrants

To summarize, besides the OWP scheme, which is based on family reunion, there are a number of schemes under which Mainland-born migrants can migrate to Hong Kong based on manpower criteria such as talents, professionals, graduates and investments. Most of them come directly from the Mainland with a small minority via overseas. Subsequent to arrival, some may return to the Mainland or emigrate to another country but most will stay on. If they choose to stay in Hong Kong over seven years, they will be eligible to apply for the right of abode.

Figure 12 shows the number of Mainland-born migrants who enter Hong Kong under the various manpower schemes from 2001 to 2019. Table 1 compares these numbers of migrants with the number admitted under the OWP scheme in the census years 2006, 2011 and 2016 as well as the most recent year 2019. It shows that the proportion of new migrants admitted for family reunion versus migrants admitted under the manpower and investment schemes has changed dramatically over time. While in 2006 the number of manpower and investment migrants (5,680) is only 10.5% of the OWP migrants. In 2016 the percentage has increased to 38.8% and by 2019 the number has risen to 24,962, representing 63.9% of the size of OWP migrants.⁷ The number of manpower and investment migrants tabulated has not taken into account the dependants whom they can bring with them to Hong Kong. Assuming that most of their spouses and children are also Mainland-born, the annual intake of Mainland migrants from these schemes could be close to the scale of the OWP migrants, which already include dependants. It should be clear that the manpower migrants will carry an increasing weight on the characteristics of the new migrants.

⁷ The 2019 total figure of 24,962 has not included the number of migrants from General Employment Policy for Mainland Professionals Residing Overseas, which is not available. The most recent figure available is for 2017, which is 406.

Figure 12: Number of Selected Visas/Entry Permits Issued to Mainland Residents, 2001-2019⁸

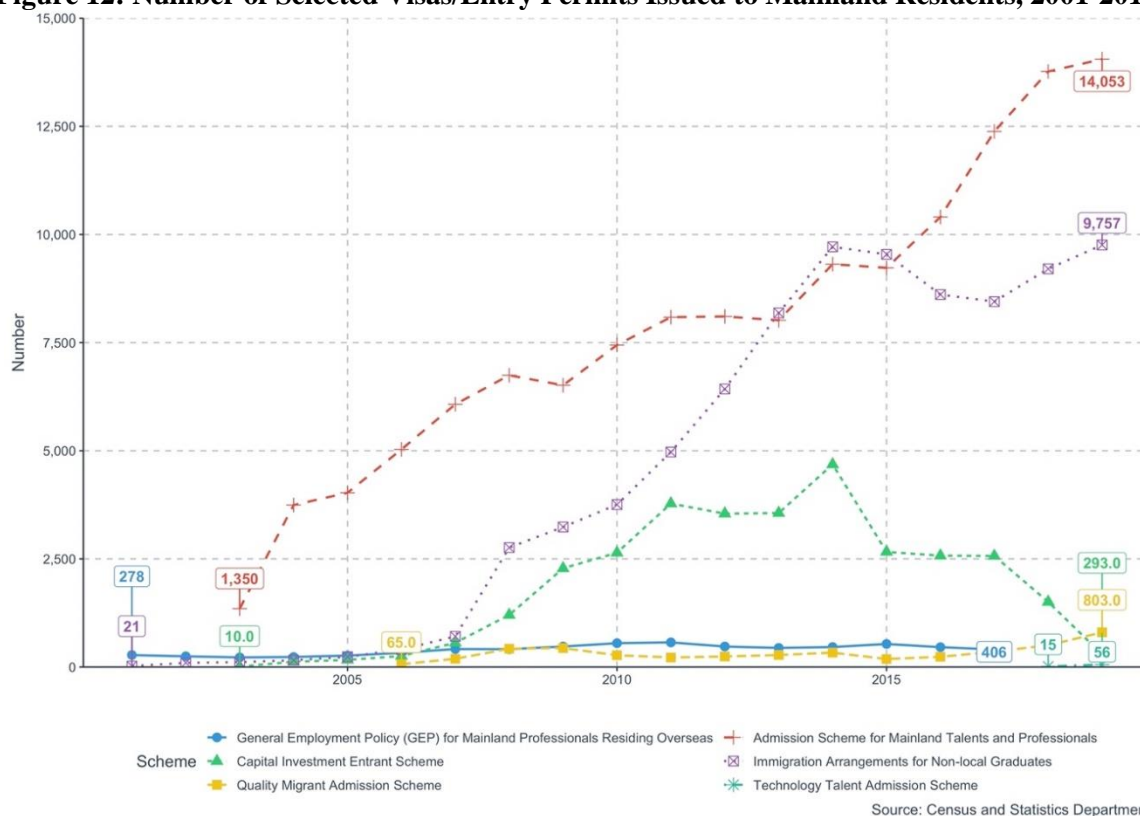


Table 1: Composition of New Mainland Migrants by Admission Schemes⁹

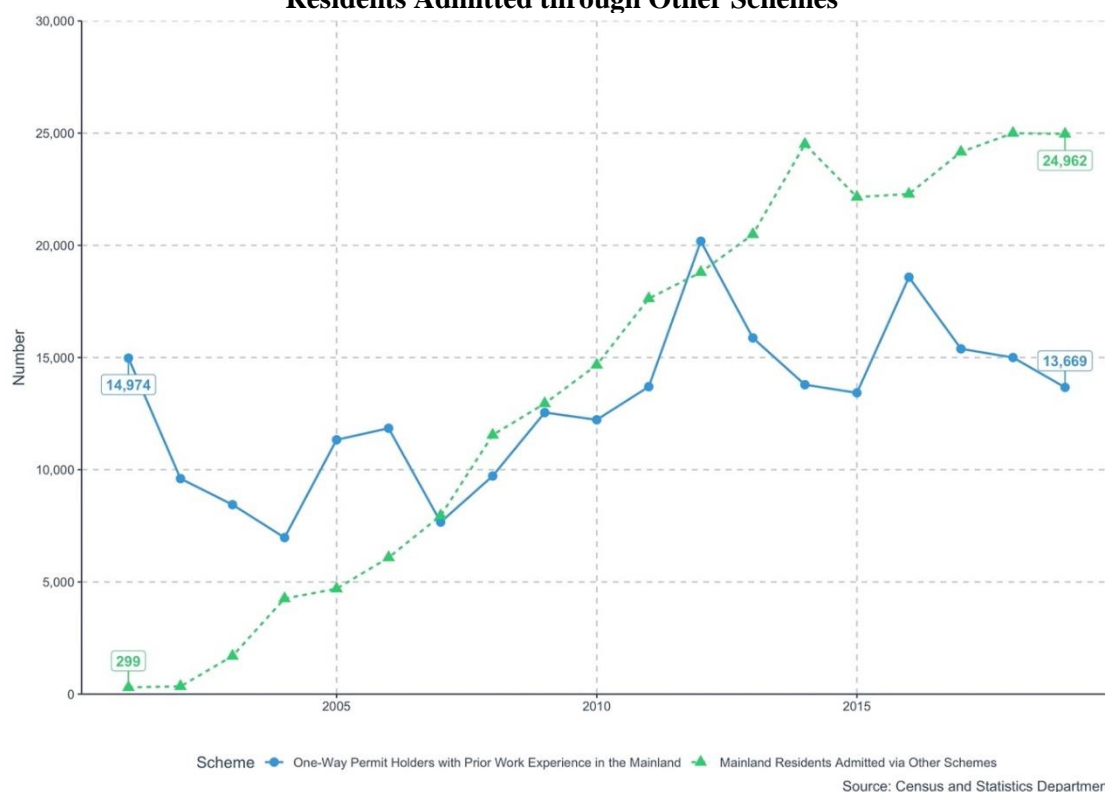
	2006	2011	2016	2019
One-Way Permit	54,170	43,379	57,387	39,060
General Employment Policy (GEP) for Mainland Professionals Residing Overseas	329	570	460	...
Capital Investment Entrant Scheme	255	3,779	2,575	293
Quality Migrant Admission Scheme	65	221	237	803
Admission Scheme for Mainland Talents and Professionals	5,031	8,088	10,404	14,053
Immigration Arrangements for Non-local Graduates	...	4,971	8,611	9,757
Technology Talent Admission Scheme	56
Total (excluding One-Way Permits)	5,680	17,629	22,287	24,962
Total admission number (excluding One-Way Permits) as a percentage of individuals admitted via One-Way Permits	10.49%	40.64%	38.84%	63.91%

⁸ The figures of IANG for the years preceding 2008 refer to those of the antecedent programme (Employment of Degree or Above Level Mainland Students Graduating from Educational Institutions in Hong Kong), which was superseded by IANG in May 2008. The 2008 figure includes approved applicants from both IANG and its antecedent programme.

⁹ IANG and Technology Talent Admission Scheme commenced in 2008 and 2018, respectively.

Another angle of comparing the size of intake of the manpower and investment-based schemes with the family reunion-based OWP scheme is to look at their contribution to the labour force in Hong Kong. By virtue of the criteria for their admission, Nearly, if not all, 24,962 Mainland migrants admitted under the five manpower and investment schemes are in the Hong Kong labour force in 2019.¹⁰ Only 43.6% or 13,669 OWP migrants age 15 and above admitted in 2019 worked in the Mainland before migration (23.4% were homemakers and 12.6% were students). There is no information on how many OWP migrants join the labour force in Hong Kong after migration but it is safe to say that in recent years the admission schemes based on talents, professionals, graduates and investment contribute more in number to the labour force than the OWP scheme. Figure 13 shows the over time comparison of the number of migrants from five manpower and investment schemes and the OWP scheme entrants with prior work experience in the Mainland as an indication of potential contribution in number to the labour force of the respective schemes.¹¹ The former number overtakes the latter number in 2008.

Figure 13: Number of One-Way Permit Holders with Prior Work Experience and Mainland Residents Admitted through Other Schemes



¹⁰ The number admitted under GEP in 2019 is not available. In any case the number is relatively small, only 406 in 2017. See footnote 6.

¹¹ The number admitted under GEP is excluded as the data over the period are incomplete. Inclusion of this manpower scheme will only strengthen the conclusion.

Rising Observable Quality of New Mainland Chinese Migrants

Not only do the manpower schemes contribute a larger addition to the labour force by virtue of their selection criteria, the migrants admitted under these schemes are in general of higher observable quality than the OWP migrants. By observable quality we mean educational attainment as measured by years of schooling or level of attainment. With the exception of CIES which is being phased out, these schemes either require applicants to have a good education background (e.g. first degree) as in the cases of CEP for Mainland Professionals Residing Overseas, ASMTTP and QMAS, or require specifically an undergraduate degree or higher qualification as in IANG and TechTAS. Most, if not all, of the Mainland migrants admitted these schemes are highly educated with a first degree or postgraduate qualification. Even though the educational attainment of OWP migrants have been steadily improving over time, a large improvement in educational attainment among new migrants coincides with a large increase in intake of university-educated manpower migrants. The launching of IANG in 2008 is a watershed as it brings in a large and rapidly increasing number of highly educated migrants. Not only does the number admitted under the various manpower schemes exceed the number of OWP migrants with Mainland work experience in 2008, the observable quality of new migrants, as measured by their educational attainment also improves substantially after 2008, owing mainly to the IANG.

Figure 14 shows that the average year of schooling of new migrants (arrival within seven years) increases rather sharply after the 2006 by-census relative to both the Hong Kong-born and the old migrants (more than seven years since migration) because of the large increase in intake of new migrants under the manpower schemes.¹² The increase in the percentage with first-degree among new migrants shows a similar pattern since the 2006 by-census (see Figure 15 and Table 2). The increase in the percentage of new migrants with postgraduate qualification (Master's and PhD degree) since the 2006 by-census is even more dramatic. The percentage of new migrants with postgraduate qualifications far exceeds the corresponding percentage of the Hong Kong-born. It is pertinent to note that this phenomenon applies to both gender of the new migrants (See Table 2). As a matter of fact, the percentage is close to double that of the Hong

¹² The full set of data on average year of schooling of all three birth/migrant groups are in the Appendix.

Kong-born. This is largely attributable to the very high percent of IANG migrants who have postgraduate degrees.¹³

Figure 14: Average Years of Schooling by Birth/Migrant Group, 1971-2016

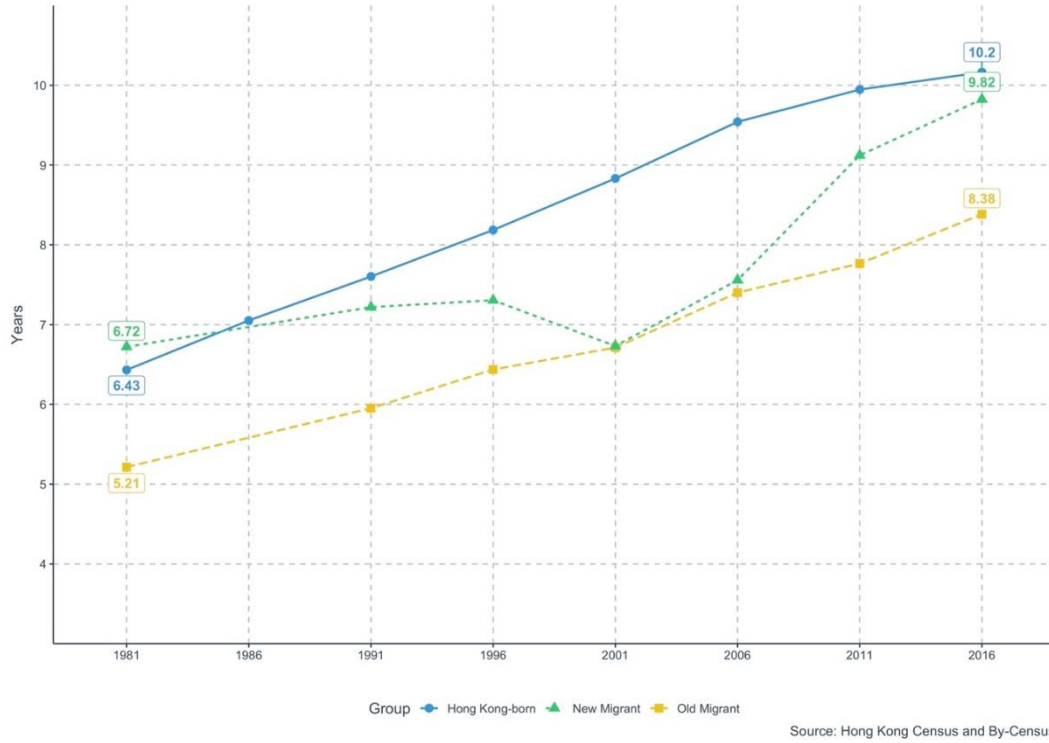
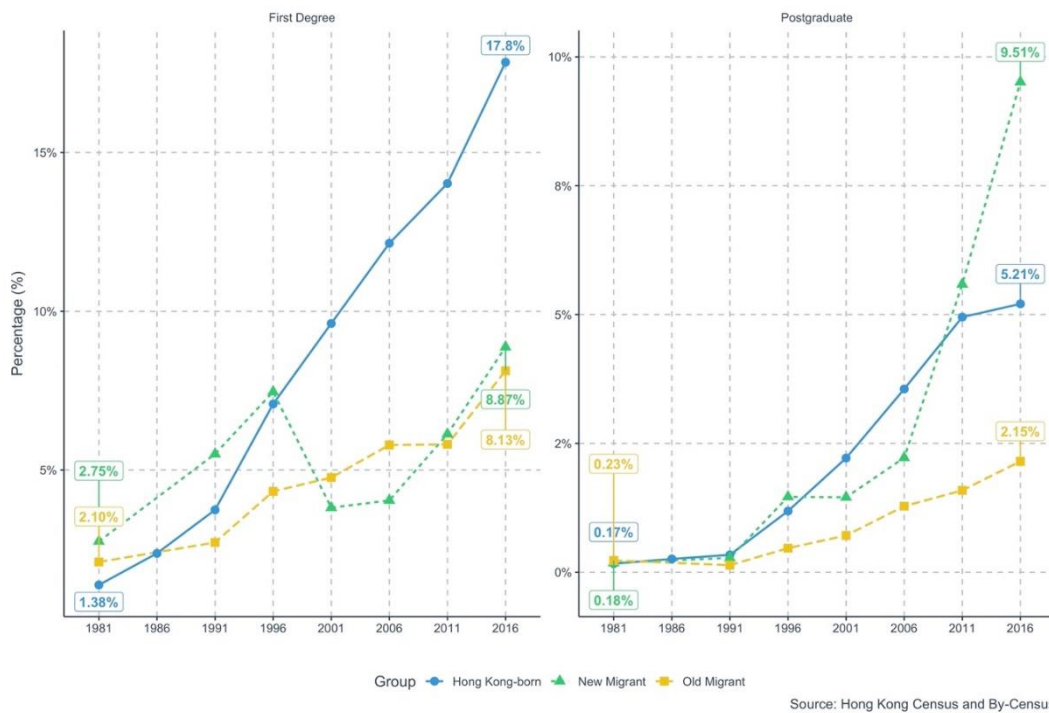


Figure 15: Proportion of Education Attainment by Birth/Migrant Group, 1971-2016



¹³ As high as 82.5% of IANG in 2016-17 and 83.1% in 2019-20 have a Master’s or PhD. degree. Source: documents of the Legislative Council.

Table 2: Proportion of Degree Qualifications by Gender by Birth/Migrant Group, 1981-2016¹⁴

Birth/Migrant Group	University	1981	1986	1991	1996	2001	2006	2011	2016
Overall									
Hong Kong-born	Degree	1.38%	2.37%	3.74%	7.08%	9.62%	12.1%	14.0%	17.8%
	Postgrad	0.17%	0.26%	0.34%	1.19%	2.22%	3.55%	4.95%	5.21%
New Migrant	Degree	2.75%	...	5.51%	7.46%	3.81%	4.04%	6.13%	8.87%
	Postgrad	0.18%	...	0.28%	1.46%	1.45%	2.22%	5.59%	9.51%
Old Migrant	Degree	2.10%	...	2.72%	4.33%	4.76%	5.79%	5.81%	8.13%
	Postgrad	0.23%	...	0.14%	0.47%	0.71%	1.28%	1.59%	2.15%
Male									
Hong Kong-born	Degree	1.86%	3.06%	4.71%	8.03%	10.0%	12.1%	13.7%	17.4%
	Postgrad	0.24%	0.37%	0.47%	1.60%	2.75%	4.02%	5.44%	5.65%
New Migrant	Degree	3.10%	...	8.63%	9.56%	5.41%	5.93%	8.17%	9.15%
	Postgrad	0.21%	...	0.51%	2.52%	2.70%	3.62%	8.04%	10.6%
Old Migrant	Degree	3.11%	...	3.59%	5.29%	5.56%	6.69%	6.44%	9.06%
	Postgrad	0.36%	...	0.22%	0.66%	0.89%	1.63%	1.95%	2.67%
Female									
Hong Kong-born	Degree	0.89%	1.66%	2.74%	6.08%	9.20%	12.2%	14.3%	18.3%
	Postgrad	0.09%	0.14%	0.20%	0.75%	1.66%	3.07%	4.46%	4.75%
New Migrant	Degree	2.27%	...	3.37%	6.08%	3.02%	3.25%	5.18%	8.73%
	Postgrad	0.14%	...	0.12%	0.77%	0.83%	1.64%	4.44%	8.97%
Old Migrant	Degree	1.00%	...	1.72%	3.27%	3.91%	4.94%	5.27%	7.39%
	Postgrad	0.09%	...	0.05%	0.26%	0.53%	0.96%	1.28%	1.75%

Note: Micro-census datasets.

Another point of interest in the change in the quality of new migrants is that in the early years on average they actually have a higher educational attainment than the Hong Kong-born. In 1981 they have a higher average year of schooling (Figure 14) and up until 1996 a higher percentage with first degree. However, their degree qualifications acquired in Mainland China are generally not recognized in Hong Kong. As we will show in our analysis of earnings convergence/divergence, in the early years degree qualifications acquired in the Mainland China have little effect in the integration of new migrants into the Hong Kong labour market.

¹⁴ Duration of stay is not available in 1986 census as there is no information on the year of arrival.

Rising Unobservable Quality of New Mainland Chinese Migrants

So far we have shown that the observable quality as represented by the educational attainment level of new Mainland Chinese migrants has been increasing over time. It is attributable to the changing mix of migrants arriving under different migration schemes. In fact the unobserved (or unmeasured) quality of Mainland migrants has also been rising over time. By unobservable quality we refer to skills not observed or measured by the researcher that are productive in the labour market. Examples of these skills relevant to migrant economic success are linguistic, social and cultural skills of the destination country, learning ability, adaptability to changes and willingness to take risk etc.

In the economics literature earnings are determined by the quantity of observable and unobservable skills and the returns or prices of these skills. The prices of these skills are determined by the demand and supply of these skills in the labour market.¹⁵ If we control for the observable quantity, namely the measurable years of schooling or educational attainment level and work experience, earnings will be determined by the unobservable skills and their prices. Hence we can interpret higher unobserved “quality” in a narrow economic sense as a manifestation of higher earnings. In this instance, a rising (or falling) quality of the migrants is to be interpreted in comparison with the Hong Kong-born. It is manifested in the increase (or decrease) in the relative earnings, defined as the average earnings of the migrants as a ratio of to the average earnings of the Hong Kong-born. The change in migrant relative earnings will reflect the change in unobserved quality of Mainland migrants vis-a-vis the Hong Kong-born. Here we will focus on the changing unobserved quality of the migrant arrival cohorts over time, leaving the impact of macroeconomic changes on the skill prices to a later analysis.

Table 3 and Figure 16a chart the relative earnings of male new migrants of the young age cohorts, 20-24, 25-29, 30-34 and 35-39 by educational attainment over time. The relative earnings benchmark the average earnings of the Mainland new migrants to the Hong Kong-born of the same age cohort and the same educational attainment level. In doing so we control for the observable human capital characteristics of schooling and work experience (proxied by age). Among the male new migrants in the four young age cohorts who have below university

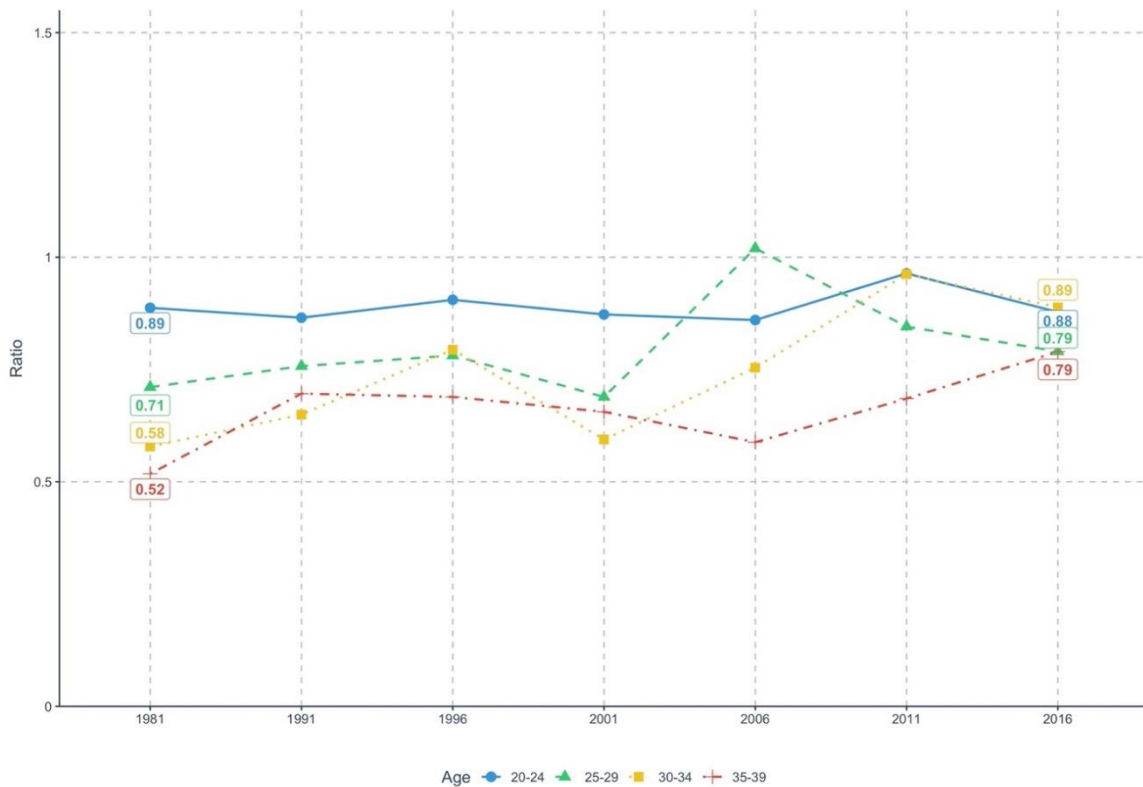
¹⁵ For a decomposition of the earnings differential between migrants and the native-born by contributions of the observable and the unobservable skills and their prices, see Lam and Liu (2002).

education, the general trend of the relative earnings from 1981 to 2016 is mildly increasing with some minor fluctuations for the age 25-29 and 30-34 cohorts. It is pertinent to note that the earnings ratio of the youngest age 20-24 cohort is higher than the earnings ratios of the older age cohorts with the same educational attainment level in almost every year. This is an indication that relative to the Hong Kong-born of the same age and educational attainment, the younger age cohort of migrants are of higher unobservable quality than the older ones.

Table 3: Average Earnings Ratio of New Migrants by Age (Male), 1981-2016

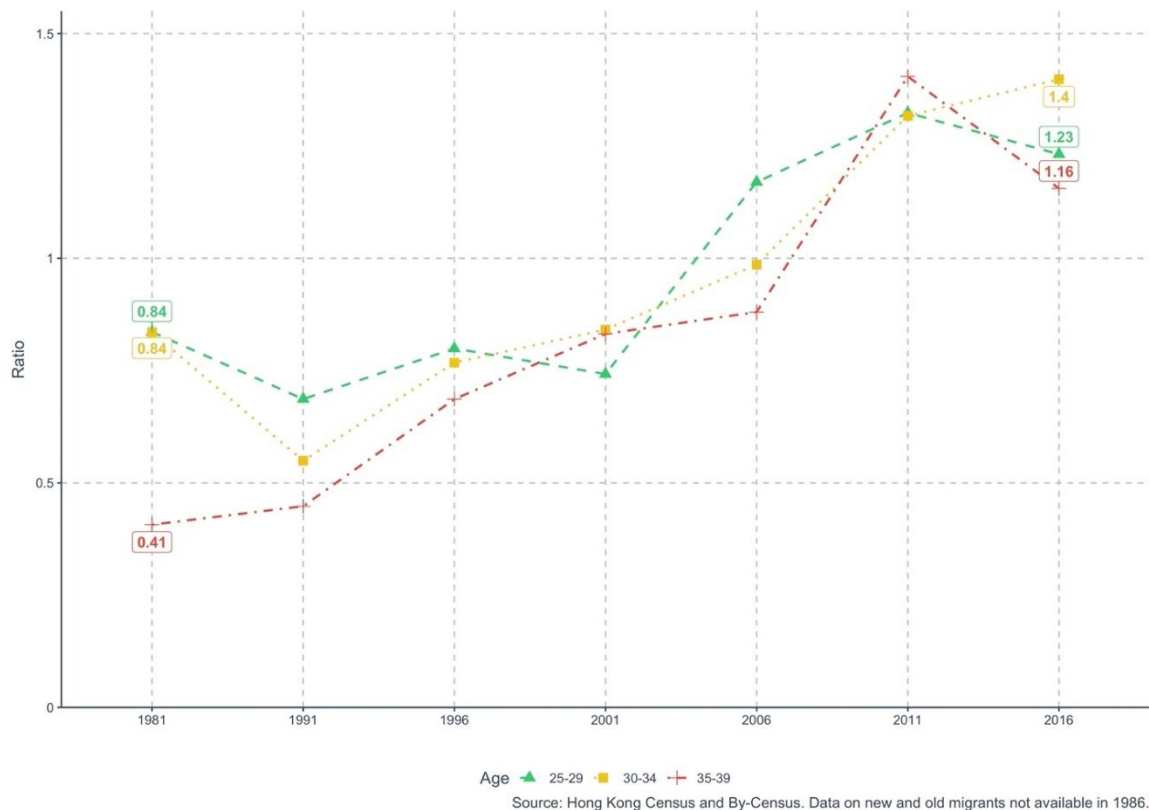
Education	Age	1981	1991	1996	2001	2006	2011	2016
Below University	20-24	0.887	0.865	0.905	0.873	0.860	0.964	0.878
Below University	25-29	0.711	0.758	0.781	0.689	1.020	0.846	0.790
Below University	30-34	0.579	0.650	0.794	0.594	0.754	0.962	0.888
Below University	35-39	0.518	0.696	0.689	0.656	0.588	0.685	0.790
University	25-29	0.836	0.686	0.799	0.742	1.170	1.324	1.232
University	30-34	0.835	0.549	0.767	0.841	0.986	1.317	1.398
University	35-39	0.407	0.448	0.686	0.832	0.880	1.405	1.155

Figure 16a: Average Earnings Ratio of New Migrants by Age (Male, Below University), 1981-2016



The story for the university-educated (first degree or above) male new migrants is somewhat different. Figure 16b charts the relative earnings of the three young age cohorts 25-29, 30-34 and 35-39 of the university-educated migrants.¹⁶ There has been a steady increase in the relative earnings for all three age cohorts highlighted by a substantial rise in 2001. Since 2006 the earnings ratios of the two young migrant cohorts age 25-29 and 30-34 exceed unity, implying that on average they actually earn more than the university-educated Hong Kong-born of the same age. As a matter of fact, by 2016 the university-educated new migrants of the age cohort 25-29, 30-34 and 35-39 on average earn 21.2%, 39.7% and 25.7% respectively more than their Hong Kong-born counterparts (Table 3). This is a clear indication that the unobserved quality of the university-educated new migrants has been rising with a marked increase in 2006 and after.

Figure 16b: Average Earnings Ratio of New Migrants by Age (Male, University), 1981-2016



¹⁶ The age 20-24 cohort has been omitted since students typically completed their university degree study and start full-time work at age 22. About half of the 20-24 age cohort with university attainment (but not completion) derive their earnings, if any, from part-time work. Comparison of part-time earnings of migrants and the Hong Kong-born is not meaningful.

What are the plausible explanations of this remarkable phenomenon of rising relative earnings of the university-educated new migrants? One plausible explanation is that the quality of Mainland university education has been improving relative to the universities in Hong Kong. Another plausible explanation is that the Mainland high school students enrolled in Hong Kong universities are of increasing higher standard in the last two decades and they become new migrants under the IANG scheme after graduation. This is corroborated by many reports that the local universities have attracted and admitted the best Mainland students have performed better than the average local students in academic studies. Specifically, the overtaking of the Hong Kong-born in average earnings since 2006 can be attributed to the large increase in the intake of Mainland migrant talents and professionals under the ASMTP scheme starting in 2003 and the expanding intake of Mainland graduates of local universities under the IANG scheme in 2008. Presumably the migrant talents and professionals recruited for high-pay jobs in Hong Kong and the IANG migrants are of higher ability than the average Hong Kong-born graduates.

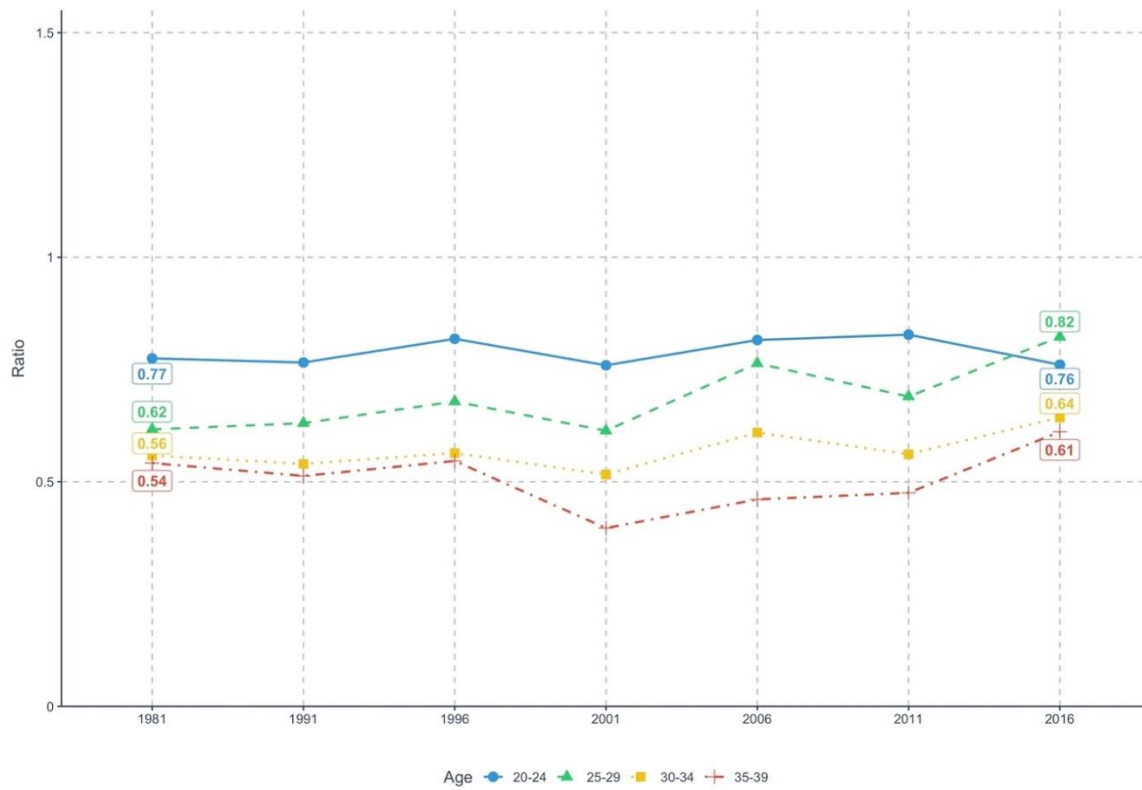
To summarize, the relative earnings of the young university-educated new migrants are increasing over time, eventually to the extent that they do better than their Hong Kong-born counterparts after 2006. This can be understood within the context of an improvement in Mainland university education and/or in the standard of Mainland students admitted to the local universities. Furthermore, Mainland migrants possess Mainland-relevant skills that become increasingly marketable and valued in the Hong Kong labour market as the economy of Hong Kong becomes more integrated with the Mainland economy.

With regard to the female new migrants, Table 4, Figures 17a and 17b chart their relative earnings. The relative earnings of the less-educated female new migrants, have been rising gradually from 1981 to 2016, with a more distinct increase after 2011. As for the female university-educated new migrants, similar to their male counterparts, their relative earnings follow a general rising trend from 1981 to 2016 with a marked increase after 2001 for the age 30-34 and 35-39 cohorts. In 2016 the female university-educated new migrants of the age cohorts 25-29, 30-34 and 35-39 on average respectively earn 1.8%, 17.0% more and 1.8% less than their Hong Kong-born counterparts.

Table 4: Average Earnings Ratio of New Migrants by Age (Female), 1981-2016

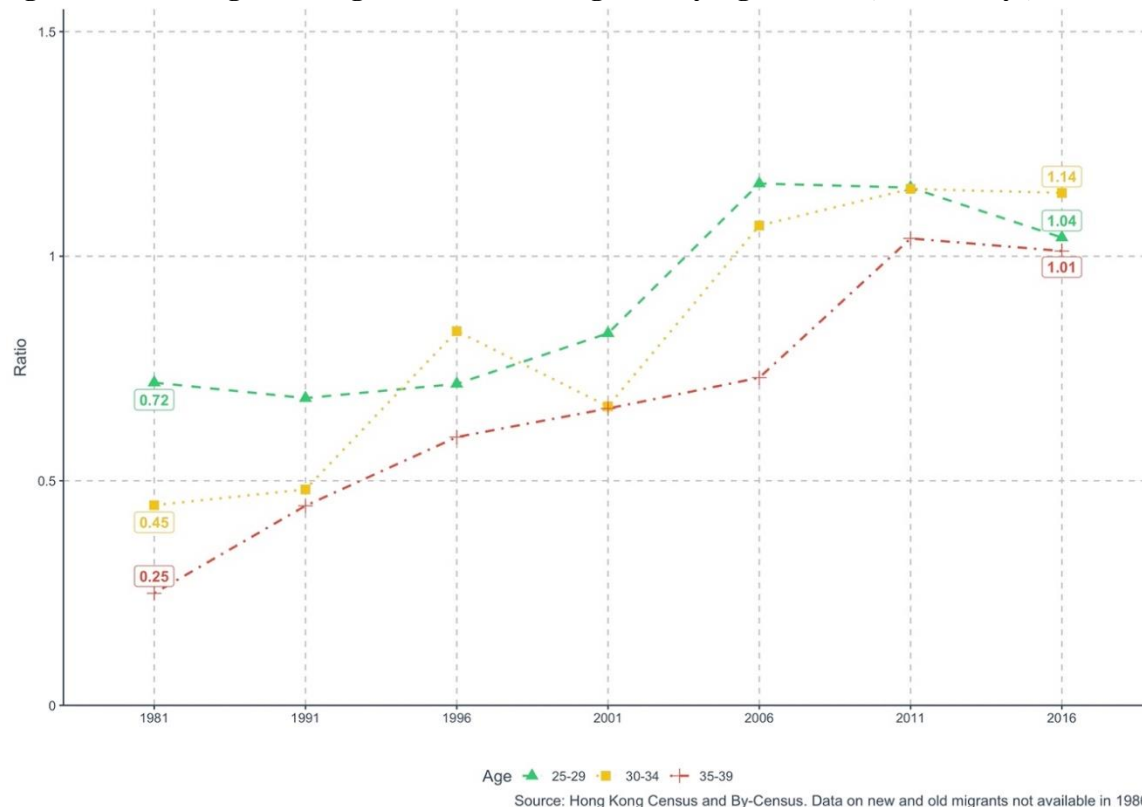
Education	Age	1981	1991	1996	2001	2006	2011	2016
Below University	20-24	0.775	0.766	0.818	0.759	0.816	0.828	0.761
Below University	25-29	0.617	0.631	0.679	0.614	0.764	0.690	0.823
Below University	30-34	0.559	0.540	0.564	0.516	0.610	0.561	0.643
Below University	35-39	0.542	0.513	0.546	0.397	0.461	0.475	0.611
University	25-29	0.719	0.684	0.716	0.828	1.162	1.153	1.042
University	30-34	0.446	0.481	0.833	0.666	1.068	1.150	1.141
University	35-39	0.250	0.444	0.597	0.661	0.730	1.040	1.012

Figure 17a: Average Earnings Ratio of New Migrants by Age (Female, Below University), 1981-2016



Source: Hong Kong Census and By-Census. Data on new and old migrants not available in 1986.

Figure 17b: Average Earnings Ratio of New Migrants by Age (Female, University), 1981-2016



To summarize, there is clear evidence that the quality of the young new Mainland migrant cohorts of both gender has been improving over time. The improvement is much more distinct for the university-educated than those with below university education. Since 2006 the average earnings of the two young university-educated migrant cohorts age 25-29 and 30-34 exceed those of their Hong Kong-born counterparts, in line with the large increase in intake of Mainland talents and professionals under the ASMTP scheme starting in 2003 and Mainland graduates from the local universities under the IANG scheme beginning in 2008.

Concluding Remarks

Time has changed. The stereotype of new migrants from the Mainland as economically inactive and lowly-educated spouses (and children) of low-skilled Hong Kong residents is no longer tenable. Cross-border marriages have flourished with increasing number of Hong Kong brides marrying Mainland bridegrooms in Hong Kong. The OWP migrants are better educated than before. More importantly, a larger number of Mainland talents, professionals and graduates of local universities than the OWP reunion migrants are now admitted under the various manpower schemes. Being highly educated, they change the profile of the new

Mainland Chinese migrants. Just as importantly, the young university-educated new migrants bring with them unobservable skills that are productive in the Hong Kong labour market, enabling them to overtake the Hong Kong-born in earnings after 2006.

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Appendix

Average Years of Schooling

Year	Group	Full Census	Micro census		
		Overall	Overall	Male	Female
1981	Hong Kong-born	6.43	6.44	6.66	6.22
	New Migrants	6.72	6.63	7.11	5.96
	Old Migrants	5.21	5.25	6.51	3.87
	Others	8.89	8.97	9.86	8.04
	Sample size	4,986,560	894,514	461,404	433,110
1986	Hong Kong-born	7.05	7.05	7.23	6.85
	All Migrants	5.72	5.70	6.77	4.52
	Others	8.99	8.97	9.44	8.59
	Sample size	5,395,997	763,093	391,694	371,399
1991	Hong Kong-born	7.60	7.57	7.75	7.39
	New Migrants	7.22	7.21	7.70	6.88
	Old Migrants	5.95	5.95	6.96	4.80
	Others	9.54	9.49	9.82	9.27
	Sample size	5,522,281	390,920	198,023	192,897
1996	Hong Kong-born	8.19	8.18	8.38	7.97
	New Migrants	7.31	7.27	7.39	7.19
	Old Migrants	6.44	6.44	7.34	5.46
	Others	10.03	10.03	10.16	9.96
	Sample size	6,217,556	444,880	222,838	222,042
2001	Hong Kong-born	8.83	8.84	8.98	8.70
	New Migrants	6.73	6.79	6.79	6.80
	Old Migrants	6.71	6.64	7.46	5.77
	Others	10.11	10.14	10.22	10.11
	Sample size	6,708,389	474,095	230,861	243,234
2006	Hong Kong-born	9.54	9.54	9.67	9.42
	New Migrants	7.56	7.54	7.08	7.73
	Old Migrants	7.40	7.38	8.12	6.69
	Others	10.28	10.30	10.80	10.10
	Sample size	6,864,346	489,306	232,956	256,350
2011	Hong Kong-born	9.95	9.94	10.04	9.83
	New Migrants	9.12	9.13	9.15	9.12
	Old Migrants	7.77	7.70	8.33	7.17
	Others	10.84	10.83	11.63	10.54
	Sample size	7,071,576	364,127	169,720	194,407
2016	Hong Kong-born	10.16	10.15	10.25	10.04
	New Migrants	9.82	9.84	9.67	9.92
	Old Migrants	8.38	8.38	9.03	7.87
	Others	11.13	11.13	11.87	10.88
	Sample size	7,336,585	366,619	168,011	198,608

Average Age

Year	Group	Full Census	Micro census		
		Overall	Overall	Male	Female
1981	Hong Kong-born	19.36	19.22	18.89	19.55
	New Migrants	26.14	25.32	24.13	27.00
	Old Migrants	47.85	47.87	46.21	49.67
	Others	32.55	37.25	37.59	36.90
	Sample size	4,986,560	894,514	461,404	433,110
1986	Hong Kong-born	21.44	21.42	21.14	21.71
	All Migrants	47.13	47.15	45.52	48.96
	Others	35.57	35.53	35.72	35.38
	Sample size	5,395,997	763,093	391,694	371,399
1991	Hong Kong-born	23.94	23.78	23.51	24.06
	New Migrants	28.87	28.77	25.18	31.23
	Old Migrants	50.84	50.41	48.99	52.02
	Others	36.04	36.08	36.80	35.59
	Sample size	5,522,281	390,920	198,023	192,897
1996	Hong Kong-born	27.08	26.98	26.86	27.11
	New Migrants	28.28	28.17	24.83	30.37
	Old Migrants	52.04	51.78	50.64	53.04
	Others	35.91	35.74	37.04	34.99
	Sample size	6,217,556	444,880	222,838	222,042
2001	Hong Kong-born	29.33	29.44	29.12	29.76
	New Migrants	27.22	27.29	19.79	31.03
	Old Migrants	53.92	54.28	53.28	55.35
	Others	36.59	36.95	39.39	35.84
	Sample size	6,708,389	474,095	230,861	243,234
2006	Hong Kong-born	32.75	32.70	32.36	33.05
	New Migrants	28.27	28.19	21.58	30.95
	Old Migrants	53.96	53.79	53.30	54.25
	Others	38.97	38.94	42.22	37.60
	Sample size	6,864,346	489,306	232,956	256,350
2011	Hong Kong-born	35.33	35.27	34.85	35.70
	New Migrants	30.06	30.05	26.27	31.82
	Old Migrants	55.01	55.19	55.04	55.31
	Others	39.75	39.69	43.19	38.38
	Sample size	7,071,576	364,127	169,720	194,407
2016	Hong Kong-born	37.47	37.49	37.03	37.95
	New Migrants	32.18	31.98	28.86	33.55
	Old Migrants	55.82	55.82	55.66	55.95
	Others	41.78	41.70	44.79	40.64
	Sample size	7,336,585	366,619	168,011	198,608