

# BRAIN DRAIN TO BRAIN GAIN: REVERSE MIGRATION TO ASIA

## WHAT IS THE INSIGHT?

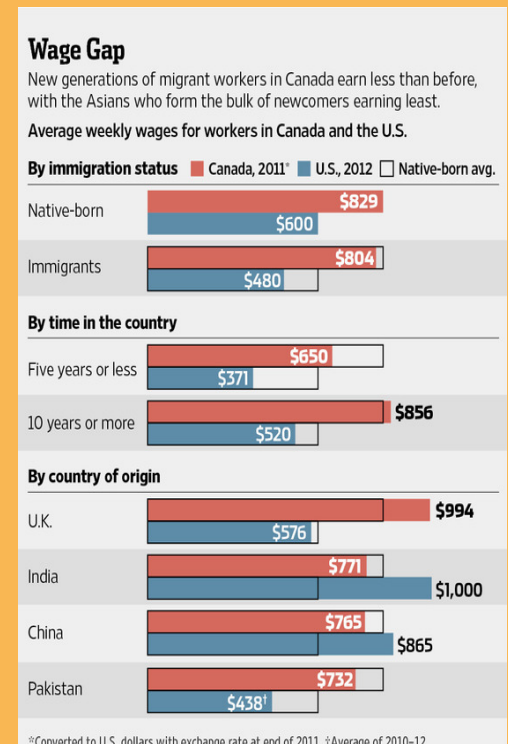
Improved political, economic, social, and educational circumstances in Asia are generating new opportunities for migrant talent, students, and labour. As a result, potential migrants from Asia are beginning to question the value of migrating outside of the region to countries like Canada. These new opportunities are also exerting a pull on members of Canada's Asian diaspora from countries such as China, India, and South Korea, especially those who are frustrated by the difficulty of breaking the "glass ceiling," those who feel their qualifications are under-appreciated or underutilized (so-called "brain waste"), and those who lack a sense of social belonging in Canada. The appeal is even extending to Canadians who do not have family connections to Asia (see Figure 1), but whose skill sets are well matched to take advantage of professional opportunities there. Together, these trends could create a reversal of the current flow of migration from Asia but whose skill sets are well matched to take advantage of professional opportunities there. Together, these trends could spark a phenomenon of reverse migration, which includes not only a reversal of the current flow of migration from Asia, but also a reversal of the current direction of migration (ex., outflow of Canadians to Asia) in the upcoming decades.

## WHY IS IT IMPORTANT?

Over the past few decades, a steady stream of migrant talent and labour from Asia has given receiving countries, including Canada, a competitive edge in the knowledge-based global economy. Many of these migrants not only come with sought-after skills and training, thus contributing to the constant flow of "brain gain", but they also help sustain a relatively young, fertile, and taxpaying population in a highly mobile and aging world. As a result, a country's ability to attract human capital from around the world is now regarded as crucial to that country's overall social and economic development.

Attracting talent is important for fast-developing economies such as China (see Figure 2), India (see Figure 3) and various countries in Southeast Asia, whose demand for skilled workers has exceeded what it can produce. The need for workers in Asia is currently predicted to rise 22% over the next decade. Drawing a young and fertile workforce is now essential for rapidly aging and low fertility countries such as South Korea and Japan. Furthermore, the development of research

Figure 1



Source: The Wall Street Journal



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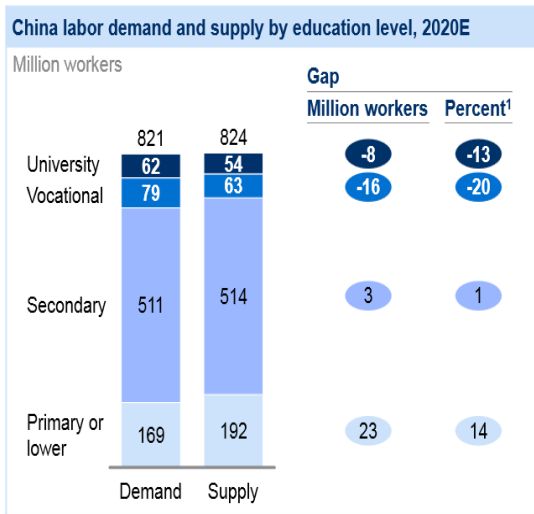
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**Figure 2**

**Exhibit 1**

**Demand for university and vocational labor in China is expected to exceed supply by ~24 million workers in 2020**



<sup>1</sup> Gaps are percent of demand for shortages, and percent of supply for surpluses  
NOTE: Numbers may not sum due to rounding

**Source: China National Bureau of Statistics; McKinsey Global Institute**

and education sectors has become a priority of Asian countries such as Singapore and Malaysia, either to pull in the “brightest and the best” researchers, or to entice well-off international students. In this way, reverse migration could provide the solution for many of Asia’s emerging needs.

At the same time, the migration of some of Canada’s most valuable workers to Asia will impact its ability to keep pace in the global race for talent and progress. Canada’s inability to retain its largest migrant population will not only negatively affect its demography and economy, but also its international reputation as a migrant embracing country. In addition, the loss of Canada’s highly ranked global talent will prove highly detrimental to the country’s development.

## HOW WILL IT IMPACT ASIA?

Reverse migration will enable the region to meet increasing demands for talent, students, and a youthful workforce. However, Asian countries will also need to consider the potential negative consequences of this trend.

**Brain Drain to Brain Gain:** In recent years, several countries in Asia have joined the global competition for talent and skilled workers. Both India and China have committed significant financial resources to lure back some of their best talent from abroad by providing incentives such as well-paid jobs, high socioeconomic status, and talent growth. China has developed a nation-wide policy of human resource development with initiatives such as the *Thousand Talents Program*. Launched in 2008 to attract 2,000 professors from foreign universities or research institutes over the span of 10 years, the program has succeeded in recruiting 4,000 so far. Other countries such as Japan, South Korea, the Philippines and Vietnam, are also beginning to invest heavily in policy changes to more effectively draw expatriates and skilled workers. Vietnam, for instance, is estimating to have spent over \$7 million. The various policy changes include tax incentives, financial compensation, increasing the number of international schools, and reforms to visa and permanent residency requirements. The trend of reverse migration will likely assist Asia’s efforts to recruit and retain talent.

**Education Hub Dream:** Countries such as Malaysia and Japan are striving to be the region’s hub for international education, as their schools will benefit from an increased reverse flow of international students. As they compete, they are vying to retain the best and brightest, as well as compete with Western institutions for the top students and faculty members from other parts of the world. Malaysia has succeeded in increasing the number of local PhD students from 4,000 in 2002 to almost 40,000 in 2012, while the proportion of international PhD students rose from 25% to 50% in the same decade. Top institutions from China, Japan, Singapore and South Korea are gaining global recognition with a rise in their global university rankings and increasing flows of international students.

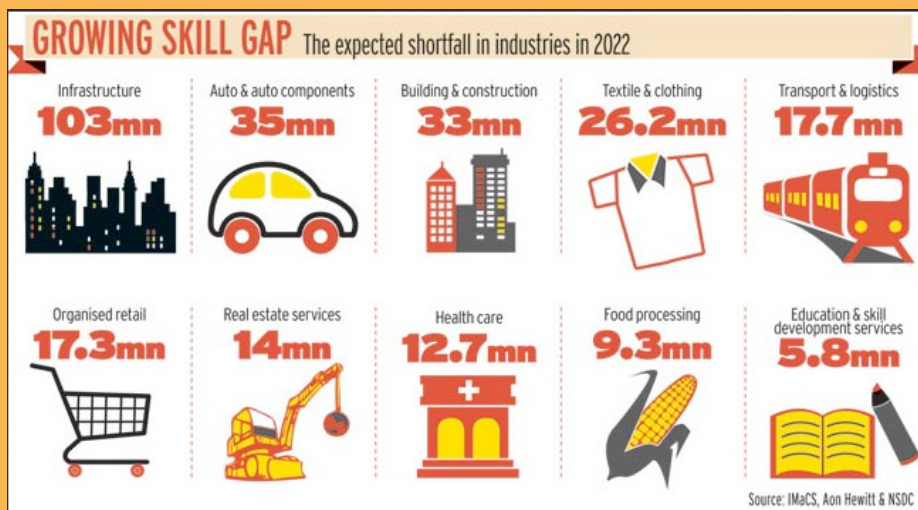
**Demographic Solutions:** Asia, particularly East Asia, is currently undergoing a major demographic transition with its rapidly aging populations and low fertility rates. According to median UN forecasts, 40 percent of Japan’s and South Korea’s population, as well as 28 percent of China’s, is expected to be composed of people 65 or older by 2050. Asia’s most developed economies such as Taiwan, Japan, South Korea, Singapore, and Hong Kong, currently have some of the lowest fertility rates in the world. To a lesser degree, various parts of Southeast and South Asia have also begun to observe similar trends. Vietnam’s population for example, began to age in 2011, and the declining birth rate in Brunei

has caused concern amongst its policy makers. Reverse migration could help provide demographic stability to these countries, as well as a more favorable ratio of seniors to working-age people.

**Integration Problems:** Leaders will need to prepare for the possibility of accelerated reverse migration becoming a force of disintegration for societies in Asia, particularly those that have long been homogeneous. Recent immigrant countries such as South Korea and Japan are already reporting stirrings of xenophobia towards foreign workers and cultural clashes with returning expats. Singapore's target to attract 150,000 international students by 2015 was recently halted due to the public's growing unease with the influx of foreigners. Without a welcoming environment for its incoming migrants, the benefits of this trend will be short-lived.

**Negative Fiscal Impact:** Although the overall fiscal impact of immigration on OECD countries has been small but positive, countries with a relatively older, pension-receiving, immigrant population have reported negative levels of contribution. As such, Asian countries currently without a stable or quickly expandable social welfare infrastructure must prepare for the possibility of a negative fiscal impact with the influx of older migrants. Employment is currently the most important factor in determining whether or not a migrant's fiscal contribution is positive. Thus, receiving governments will be need to prepare adequate infrastructure for employment opportunities and credential transferability in order to prevent the negative fiscal impact of reverse migration.

Figure 3



Source: IMAcS, Aon Hewitt & NSDC

## HOW WILL IT IMPACT CANADA?

Since Canada's largest flows of immigration come from countries in South Asia and East Asia, the possibility of their reverse migration will be detrimental in many ways. First, a decrease of its youthful immigrant, diaspora, or opportunity-seeking population means that Canada will be more vulnerable to the consequences of rapid aging and low fertility rates. Second, the trend of return migration will parallel the loss of significant talent and skilled workers. Immigrants to Canada have made major contributions in various sectors, including research, literature, and the performing arts. The return of this pool of resources and the drawing away of Canada's own highly ranked global talent will have a significant impact across Canada. Third, if Canada is unable to respond to reverse migration in order to retain its highly-skilled migrants, Canada's current image as a leader in multiculturalism and in recruiting global talent could be negatively impacted. As a result, there will be a need for governments and businesses in Canada that rely on foreign talent to fill critical shortages, to push for stronger measures to attract and retain global talent to keep Canada's competitive edge.

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