MULTILATERAL TRADE NEGOTIATIONS THE URUGUAY ROUND

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LABOUR MOVEMENT AND TRADE IN SERVICES

Note by the Secretariat

1. This note has been prepared in response to the request by the Group of Negotiations on Services at the meeting of 26-30 March that the secretariat prepare a factual background note on the prevailing international situation regarding the provision of labour services (MTN.GNS/32, paragraphs 81 and 82). As agreed, this note covers in broad terms the rationale and nature of regulations governing the movement of labour across frontiers. Furthermore, it examines some of the relevant international agreements in this area, and investigates how existing regulations may relate to the concepts, principles and rules under discussion in the GNS. The annex provides, to the extent available, relevant statistics on the international flow of labour.

I. Background

2. International migration for employment, whether on a temporary or a longer-term basis, has been a recurring phenomenon throughout history. International migration is no longer of the transoceanic variety from Europe to North America and Australasia which dominated the nineteenth and first half of the twentieth centuries. Legislative restrictions and changes in economic determinants, in particular Europe's post World War II change from an emigration to an immigration continent, have reduced the scale of intercontinental movement and made the intracontinental circulation of manpower relatively more important.

3. In recent decades different parts of the world have been significant markets for foreign migrant labour. In Western Europe, beginning in the 1960s, large numbers of foreign workers were recruited by France, Germany, the Netherlands, Belgium and Switzerland and others from neighbouring countries like Greece, Italy, Portugal, Spain, Turkey and Yugoslavia. The number of temporary migrant workers in Europe peaked at 6.5 million in 1974 and declined thereafter as economic growth in the industrialised countries was followed by recession, unemployment and restrictions on cross-border labour flows. While a significant part of the foreign populations living in the traditional manpower-importing countries has become semi-permanent, in countries of traditional emigration (e.g. Italy, Spain and Greece) significant immigration flows have appeared from developing countries.

4. Large-scale recruitment in the oil-rich countries of the Middle East including Saudi Arabia, Libya, the United Arab Emirates and Kuwait has led to the influx of large numbers of foreign workers, increasing from an estimated 1.8 million in 1975 to over 3 million in 1980, and more than 6 million by 1985. Among the countries which have supplied the greatest number of workers are Egypt, Syria, Sudan, the Yemen, Jordan, as well as Pakistan and India. Construction and service worker migration to the Middle East can be directly linked to large scale developments of airports, port infrastructures, motorways, oil and gas pipelines, refineries, foundries and urban construction, all occupation areas with low participation rates by domestic workers. This type of "building site" emigration is characterised by short stays, rapid turnover of manpower some of which is relatively highly skilled, and only rare instances of family migration. In Africa, Ghana and the Ivory Coast had about 1 million foreign workers in 1975 mostly from Mali, Togo and Upper Volta. In Latin America, the number of migrant workers in Argentina (mainly from Bolivia and Paraguay) and Venezuela (mainly from Colombia) was estimated at about 2 million during the 1970s.

5. The permanent immigration or settlement countries, comprising the United States, Canada, Australia and New Zealand, run selective immigration policies with variations regarding origins and skills. Despite restrictions, migratory flows persist consisting mainly of citizens from developing countries many of whom are illegal immigrants. The settlement countries may also admit temporary workers on a systematic basis and in the case of the United States this includes a large proportion of technically and professionally qualified people.

6. The reasons for the international movement of labour are well-known. Labour importing countries may decide, in the light of market requirements, to liberalize the entry, for both temporary and longer-term stays, of foreign economic agents including traders, professionals with special skills, investors, entrepreneurs and workers of varying skill levels. During the post-war boom period in Europe, countries were obliged to bring in foreign labour initially on a temporary basis in order to sustain economic growth. In the Gulf region, a number of wealthy countries with small populations employed foreign manpower in order to carry out large-scale development projects. On the part of labour exporting countries, migration provides work and financial support for the people who emigrate and helps these governments to reduce unemployment. For countries that have a comparative advantage in labour-intensive activities, labour remittances from the cross-border movements of people are often ascribed a central role as a device to bring their balance of payments into equilibrium.

II. Definitional aspects

7. It is important to note the conceptual and practical distinction between temporary and permanent migration. Persons to be counted as permanent migrants are those who move from one country to a permanent residence in another and, in accordance with United Nations standards, the criterion generally adopted is a declared intention to stay in the

receiving country for more than one year. The distinction between those individuals who are not residents of the country where they work (they are, for instance, seasonal workers or border workers who do not have their abode in the same country where they work) and those persons who have become residents of that country by virtue of being expected to live there for a year or more is hard to draw in practice. The criterion used in balance of payments accounting practice is to consider all stays abroad of one year or more as de facto immigration (i.e. change of residency) although this does not necessarily mean that actual immigration in a legal sense has occurred (i.e immigration as the granting of the right to settle permanently or to acquire citizenship).

8. The international movement of labour under discussion in this paper refers to the temporary relocation of service providers (for example, as a construction worker, an expert examining a site or giving a seminar, or a musician giving a concert) and excludes permanent migration as this involves a change in the country of residence. Furthermore, the type of temporary movement under discussion here should be distinguished from other kinds of temporary labour mobility of economic significance, in particular that of daily or weekly or seasonal movements over national frontiers which occur, for example, on a considerable scale in Europe and across the Mexico-United States border. What constitutes temporary labour movement involving trade in services is a question that has not been settled. It should be noted, however, that in national income accounts the provision of a service is considered to involve trade in services only if the stay abroad is less than three months and if the service provider is paid by a foreign firm. If the provider stays longer than three months and/or is paid by a local enterprise (either domestic or foreign-owned), the services provided are not considered to be imports but contributions to GDP as if they had been made by a citizen of the country.

9. Concerning the kind of labour that may be relocated, labour intensive services may be provided by unskilled workers employed by construction companies abroad as with Pakistani, Philippine or Korean construction teams or by guest workers in European countries on temporary work permits who provide labour services in, say, restaurants or hotels. Labour mobility could also involve the movement of substantial knowledge and expertise as in the provision of a wide range of professional, management and other business related services, medical and educational services, and the performing arts.

III. Motivations for regulations governing the movement of labour

10. Controls on the entry and residence of foreigners have traditionally been considered as the evident and justified responsibility of the sovereign nation State and international law imposes few constraints upon the authority of the State to control as it wishes the admission and stay of foreigners in general and foreign workers in particular. Most countries consider immigration laws that restrict the availability of many types of workers largely, if not entirely, a domestic matter, not subject to international negotiation. In any case, entry restrictions on the

movement of labour are generally viewed as a question of immigration policy rather than trade policy.

11. The basic restriction to entry into a country's territory is normally to be found in the limitations imposed by the country's immigration act and regulations. In many cases these are based on provisions that are meant to exclude certain categories of persons for security, health or economic reasons, or to control the stay of certain other categories of persons who are admitted for a limited period of time or under specific entry conditions with an entry permit or visa. Among economic reasons for the control over immigration, the protection of the employment of local labour can be a paramount objective. A government may seek the exclusion of particular kinds of individual, or particular classes of workers, in relation to specific sectors or the enforcement of requirements about the employment of nationals in particular posts or in particular proportions for the benefit of national service providers.

12. Once a foreign service provider has been allowed into the country, regulations and administrative practices are mainly intended to assure an acceptable degree of quality in the professional or technical service provided to clients in areas such as the law, medicine, accounting, surveying, architecture and engineering. The regulatory authorities, which may comprise both government and professional organisations, designate who is and who is not licensed to offer the service in order to protect the consumer by controlling the competence and integrity of the service provider. In particular such regulations apply to professional qualifications and practice.

IV. Nature of regulations affecting the movement of labour

13. In broad terms, laws and measures that restrict the cross-border movement of labour involve regulations governing (a) entry into a country, covering matters such as the issuing of visas, and residence and temporary work permits for foreigners; and (b) the conditions relating to the right to pursue a particular profession or activity.

(a) Measures affecting entry

14. Generally speaking, only a fraction of the persons wishing to enter another country have the intention of pursuing gainful activities there. In this regard, the right of entry into a country should be distinguished from the right to work, the two being officially granted in the form of a visa and a work permit respectively. Both may be issued at the same time but the criteria regarding the latter administrative decision will take the applicant's economic objectives, as well as conditions in the domestic market, into account. The following section attempts to summarise the entry procedures for individuals who wish to enter a foreign country in order to work or seek employment and does not refer to other categories of entry such as incoming tourists, students, the families of migrant workers or refugees.

15. Broadly speaking, an individual seeking entry into a foreign country for employment purposes must fulfil a number of essential criteria. Apart from undergoing a satisfactory medical examination, an applicant or his employer must obtain prior authorisation to work and an employment contract. These are issued by the relevant authorities of the host country (e.g. Labour or Employment Ministry, Interior Ministry, Consulates) after a lengthy examination of the local employment situation; in many cases, temporary entry is authorised only if workers with the same experience or expertise as the applicant are not available among domestic nationals or permanent immigrants.

16. Other requirements relate to the need to obtain an entry visa and residence and work permits where formalities vary according to the length of the stay. Most national regulations distinguish between short-term stays (e.g. of less than three months) for which a travel visa may be required and longer-term stays (e.g. more than three months, annual or longer) for which a temporary residence permit is required, generally obtained from the Interior Ministry. Many countries have three types of residence permit: one for up to one year which is granted to new immigrants, one for a period of three to five years for those with long-term or renewed employment contracts, and a preferential one for up to ten years for immigrants who hold the second type of permit and have satisfied certain criteria.

17. For the purposes of employment in a foreign country a non-citizen is generally required to have a work permit which is issued either after or together with a residence permit. A work permit is generally given by the national Ministry of Employment which enjoys a wide discretion in determining whether to grant or withhold a permit to an applicant, depending on the Ministry's assessment of market needs. In regulating the employment of migrant workers, some countries require an employer to procure for a non-citizen an employment permit before any contract of employment can be made. Work permits may be specific or non-specific, the former being issued for a particular job at a designated place of employment, the latter being not restricted in location or duration and may be granted to those who have been employed in the foreign country for a certain minimum number of years. However, the duration of work permits is generally the same as that of residence permits, namely one, three, five or ten years. The most common practice is to issue a work permit which is linked to a contract of employment, itself authorised by the Ministry of Employment following completion of all the necessary formalities by the employer and the worker concerned. It is important to note that the administrative procedures involved in issuing such permits may involve the inputs of different authorities and in federal states regional authorities may also have responsibility for certain types of entry controls. Finally, a good deal of what had been described here does not as a general rule apply to the self-employed who enjoy a special status as they have capital of their own and wish to invest in the host country.

18. It should be kept in mind that since the mid-1970s one of the most visible trends in national immigration and related administrative policies in OECD countries has been the imposition of new restrictions on the

cross-border movement of labour. The main importers of labour in the decade up to 1973 have severely curtailed the admission of migrant workers by limiting very severely the number of work permits issued. Important exceptions, however, relate to the movement of highly skilled personnel and certain professions which are needed in the host country and to the families of immigrant workers.

19. Several countries have expressed concern about immigration-type problems that exist in a wide range of labour-intensive service sectors including the legal profession, engineering and construction, various types of consulting, hotels/motels, data processing, accounting, advertising, health care and maintenance and repair services; these problems could be subject to multilateral discussion or negotiation. Among the perceived impediments are requirements and procedures for obtaining visas for short-term travel and longer-term residency and work permits for foreign nationals, who may be denied entry completely or may need to go through long and complex processes of approval. Examples of immigration formalities which render the process of operating in the host country difficult relate, inter alia, to the granting of visas for periods of insufficient duration for technical personnel to complete their tasks; obtaining permits may be delayed as the local client may need to prove that no domestic firm is able to provide the necessary services; immigration authorities may set quotas for expatriate specialist staff which foreign firms may employ; work permit regulations may be used to restrict the entry of professionally qualified foreign nationals in a variety of sectors including construction, consulting and other business sectors, film and television, telecommunications, etc. Although visa restrictions are not unique to suppliers of services, service providers - whether firms or individuals - are disproportionately affected because countries may often link the right to practice, even on a temporary basis, to citizenship or local licensing requirements.

(b) Measures relating to the exercise of a profession or activity

20. When entry procedures have been successfully negotiated, the foreign national - whether self-employed or dependent - is confronted with a number of different conditions regarding the right to pursue specific professional or technical activities, concerning notably the recognition of qualifications, conditions of practice and perhaps the need for financial guarantees. These and other relevant regulations are treated in more detail in the secretariat note on Trade in Professional Services contained in document MTN.GNS/W/67. It should also be noted that different authorities, notably governments at the national and sub-national levels as well as professional bodies, play a relevant regulatory role in the organization of various professions, the determination of the required professional qualifications and the definition of access to and exercise of activities.

21. Professional qualifications and licensing provisions can affect the ability of service providers to gain access to foreign markets. Qualification requirements can be either discriminatory or non-discriminatory in nature. On the non-discriminatory side are

regulations (e.g. the need to be locally qualified or accredited) which apply to all professionals regardless of their nationality. Such requirements become overtly discriminatory, however, where they discriminate unreasonably against foreign nationals (e.g. in legal and accountancy services the requirement to re-qualify locally in order to establish a practice; in consulting and computer services the non-recognition of effectively equivalent or even superior academic or professional qualifications).

22. Conditions of practice which may adversely affect the presence of foreign skilled personnel as well as unskilled labour include the lack of guarantees that remuneration received can be remitted to the country of origin, difficulties in dismissing local staff, inadequate access to national education and health services and social attitudes or customs leading to discrimination on the basis of nationality, race, sex or religion. Quotas may be used to restrict the number of individuals admitted to a professional association even if the candidates satisfy all other requirements, or particular types of work may be reserved for local nationals (e.g. prohibition of employment of non-nationals in management positions, or debarment of foreign nationals from practising as accountants or architects). Regulations and government measures can limit the scope of professional services which can be performed in certain countries, prohibiting the combination of different services which individuals or firms are able to provide in their home countries. Finally, financial guarantees - in the form of a deposit or the requirement to create a business base in the host country - may be demanded of the foreign national to protect consumers and ensure credibility.

V. Relevant international immigration instruments

23. The foregoing analysis emphasises the unlikelihood that any country will relinquish its unfettered right to limit access for foreigners to its labour market or to certain economic activities that are carried out on its territory. However, by means of regional arrangements and a network of bilateral agreements, most countries have accepted a degree of self-imposed international regulation regarding the national control of aliens, thus facilitating the movement of workers from selected countries subject to specific conditions. Generally, most of the instruments outlined below permit member countries to curtail or suspend the free movement of labour for specified reasons of public policy, public health or national security.

(i) Bilateral arrangements: regarding the movement of personnel, a precedent exists for international cooperation in bilateral Treaties of Friendship, Commerce and Navigation (FCN) and visa or consular agreements. FCN treaties, for example, commit signatories to allowing nationals of the other country to enter and reside within their territories in order to negotiate or facilitate exports or imports of goods although to what extent this is applicable to trade in services remains relatively undefined for most countries. A more recent instrument is the Canada-United States Free Trade Agreement (FTA) in which chapter 15 on Temporary Entry for Business Persons confirms or codifies

prior bilateral rules with a number of changes that lessen border delay and paperwork. The FTA includes immigration provisions to complement its rules governing the movement of goods, services and investments without compromising either government's determination of who may gain entry.

(ii) Regional arrangements: The Organisation for Economic Cooperation and Development (OECD) Codes on Invisibles and Capital Movements[1] cover the transborder movements of persons but immigration policies and non-resident admission matters regarding visas and work permits have been considered by the responsible authorities to be beyond the scope of these instruments. Under the Common Nordic Labour Market (consisting of Denmark, Finland, Norway and Sweden) nationals of one member country are permitted to work in the others without labour market tests or work permits. The free labour market has been in force since 1954 and by 1980 more than one million people had moved across the frontiers in Scandinavia. Within the European Community, the Treaty of Rome provides for the abolition between member states of obstacles to the freedom of movement of persons, services and capital as well as for the freedom of movement of workers, freedom of establishment and freedom to provide services. The free movement of workers involves the abolition of any discrimination based on nationality between workers of the member states regarding employment, remuneration and other working conditions. Persons from non-member countries however are subject to the immigration laws of whichever state they wish to enter. In Africa a 1979 protocol was signed by the sixteen members of the Economic Community of West African States (ECOWAS) relating to the free circulation of the region's citizens and to rights of residence and establishment. The first provision (the right of entry without a visa) came into force in 1980 following ratification by eight members. The second provision, allowing unlimited rights of residence, was signed in 1986 although by mid-1987 only one country had ratified the protocol on rights of residence.

(iii) Other international instruments: There are a number of international instruments that deal with the rights of persons in countries of which they are not nationals and have implications for any multilateral agreement that provides for the cross-border movement of labour. Of particular significance is the work of the International Labour Organisation (ILO)[2].

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[1]The Code of Liberalisation of Current Invisible Operations, and the Code of Liberalisation of Capital Movement are summarized in the GATT secretariat note MDF/17/Add.4, 28 November 1985.

[2]The ILO seeks to improve working and living conditions through the

(Footnote Continued)

The Convention concerning Migration for Employment (Revised) 1949 defines migration for employment as covering the migration of a person from one country to another with a view to being employed otherwise than on his own account. The Convention is inapplicable to frontier workers and seamen and also excludes the short-term entry of members of the liberal professions and artistes. The Convention consists of a general treaty and three annexes covering, inter alia, recruitment and conditions of work under, as well as other than under, government-sponsored arrangements. The Migrant Workers (Supplementary Provisions) Convention 1975 consists of two parts, the first dealing with migrations in abusive conditions and the second with the principle of equality of opportunity. Despite the fact that member states are permitted to exclude either the first or second part on ratifying the convention, there have so far been only fifteen ratifications.

VI. Considerations relating to the application of certain concepts and principles

(a) Increasing participation of developing countries

24. According to the Montreal text, the framework should "provide for the increasing participation of developing countries in world trade and for the expansion of their service exports, including, inter alia, through the strengthening of their domestic services capacity and its efficiency and competitiveness". It has been noted by a number of delegations that in the event of progressive liberalization in trade in labour services, there could be a potential for expanded exports of labour intensive activities from developing countries (e.g. MTN.GNS/W/101). Therefore, the application of this concept could relate also to the movement of both skilled and unskilled labour across national borders, including facilitating the granting of visas.

25. Important considerations in this regard relate to (a) qualification requirements and the recognition of educational and professional competence in the case of developing country professionals wishing to gain access to developed country markets; and to (b) possible provisions regarding the issue of visas and work permits for personnel (e.g. construction managers, salaried employees, or even entire project crews), the recognition of the qualifications of such personnel, and conditions of local employment (e.g. duration of stay, type of transaction, applicability of local regulations

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(Footnote Continued)
adoption of international labour conventions and recommendations setting minimum standards in such fields as wages, hours of work and conditions of employment and social security. Detailed commentary on relevant conventions are contained in Richard Plender, International Migration Law (revised 2nd edition), Martinus Nijhoff Publishers, 1987, pp.295-308.

and norms). In the latter case, i.e. when the labour movement concerns groups of persons rather than individuals, one issue relates to categories of personnel varying, in the case of the construction sector for example, from professional engineers, including managers, to middle-level technicians and construction workers, who would be allowed to enter the importing country for planning, producing and delivering the services.

(b) Transparency

26. National laws, regulations and administrative practices concerning immigration for employment purposes are, on some occasions, less transparent than other kinds of regulations and often involve the exercise of some administrative discretion. In addition to the need to clarify issues of entry and temporary immigration, transparency considerations also arise in the context of de jure and de facto regulations on qualifications, standards and conditions of practice.

(c) Progressive liberalization

27. As set out in MTN.TNC/11 progressive liberalization, which would take due account of the level of development of individual countries, would involve reducing the adverse effects of all laws, regulations and administrative guidelines. Any consideration regarding the liberalization of labour intensive services would have to be based on the recognition that the sovereignty of national immigration policies is not in question and, as bilateral, regional and multilateral experience has shown, matters associated with labour mobility are generally more successfully dealt with in a manner other than on a unilateral basis. In dealing with situations involving the movement of labour, a future framework on trade in services might have to take into account various types of labour mobility, including: the movement of qualified labour; the movement of labour working for a specific project such as the construction of a bridge in a foreign country; and the movement of labour for a definite or indefinite period of time and not necessarily tied to a specific project. In this regard, and depending on the definition of trade in services, a relevant requirement might be agreement on the nature and duration of the temporary relocation of the service supplier that is required to carry out particular services, such as construction and engineering projects. In addition, it would be necessary to consider how to progress towards the mutual recognition of the personal qualifications required for such services.

(d) Most-favoured-nation treatment/non-discrimination

28. The principle of m.f.n./non-discrimination could provide that any market access or other commitment granted to any one signatory of a future framework is granted to all other signatories. In an immigration policy context in which countries are in principle free to impose whatever restrictions they see fit on the admission of foreigners, it is unclear, under existing procedures, how non-discriminatory treatment could be ensured other than on a bilateral or plurilateral basis. In this regard, relevant issues relate to how a framework could provide for certain m.f.n. concessions from the signatories (for example, if a country introduces a

uniform special visa procedure for certain services), and how concessions between partners which may or may not have bilateral ties could be based on some form of m.f.n. treatment. Similarly, reciprocity or bilateral arrangements at governmental or professional level on the recognitions of qualifications and standards might have relevant implications.

(e) Other concepts

29. Allowing for an expansion of trade in labour-intensive services would necessitate addressing visa and immigration questions in the context of market access in a manner that is both consistent with the right of countries to define their immigration policy and the principles of trade in services agreed upon in the negotiations. Relevant considerations concerning professional and business services could involve, for instance, the negotiation of an agreed upon set of rules regarding the issuing of "temporary" business visas in order to permit staffing of temporary projects, as well as agreement on a set of rules for the issuance of residency permits and visas for foreign professionals coming to work as licensed professionals. In this regard it might be worth considering, for example, to what extent a quota system could be used to regulate the number of foreign licensed professionals that might be authorized to work in a country for trade purposes. Relevant market access considerations for larger scale movement of workers could relate to the possibility of, say, a foreign construction enterprise or a local firm to bring into the importing country professionals as well as technicians and foreign workers.

30. The application of national treatment may have implications which concern a number of operational problems encountered by foreign personnel. National treatment could apply to regulations and administrative practices which discriminate between national and foreign service providers in terms of (a) recognition of qualifications earned abroad in the case of professionals and (b) in the case of other personnel, facilitating fair competition between foreign and national suppliers of services. Relevant questions might relate to the extent to which this would entail obtaining equal working conditions, pay, social security treatment, etc., for foreign and national personnel, or whether national treatment would only apply to persons who acquired residence status in the importing country and therefore would not concern personnel who are relocated temporarily for work on a specific project.

ANNEX

Overview of Relevant Data

1. Analysis of sending and receiving countries by region

The total number of temporary migrants - in Europe, the Middle East, South Africa, and West Africa, and America - is estimated to have been in the region of 13 to 15 million in the early 1980s. As is the case with permanent emigration, the cross-border movement of temporary workers constitutes a limited proportion of the labour force in all developing countries although it is undoubtedly important for a few, as table 1 shows.

As described elsewhere in this note, various regions of the world have been significant importers of foreign power in recent decades. The most important labour receiving regions in this are:

- Europe: this area consists not only of the traditional OECD receiving countries of northern and central Europe but now also some of the southern European countries (Italy, Spain, Portugal Greece) which were once exclusively emigration countries but have become significant immigration countries. Important sending countries for this region include the traditional sources of migrants in northern and southern Europe, Turkey, and North Africa (including Algeria, Morocco and Egypt).

- Middle East: countries which have attracted large migration flows during the 1970s and 1980s include Saudi Arabia, Libya, the United Arab Emirates (UAE), Kuwait, Oman, and Qatar. Among the countries that have supplied the largest number of workers are the neighbouring Arab states of Egypt, Jordan, Sudan, Syria and Yemen as well as Bangladesh, India, the Republic of Korea, Pakistan and Turkey.

- North America: this comprises the two traditional settlement countries, Canada and the United States. Important manpower sources are the Caribbean and Central America for both legal and illegal migration, although a significant immigration quota comes from Asia, the rest of Latin America and Europe.

- Pacific area: Australia and New Zealand favour immigration for permanent resettlement although immigration numbers have fallen strongly in recent years. Japan has not as yet encouraged any kind of immigration. Among the major labour exporting countries are the Philippines, Indonesia and Thailand whose emigration is directed not only towards the receiving countries in this area but also towards North America, the Middle East and Europe.

2. Overview of financial data

In some countries, the foreign currency brought in by emigrants' remittances (i.e. the money which immigrants save and then send to their countries for the use of their families and/or to prepare their return), often together with tourism, is the only means of covering the trade deficit and represents a substantial proportion of export earnings. As can be seen from Table 2, this is true of Sudan, Mali, Egypt, Lesotho, Pakistan, Bangladesh, Portugal, and Yugoslavia. It is worth noting that many Latin American countries are (or have been) major exporters of labour but do not report large revenues which may reflect non-registration of remittances.

In the IMF balance of payments data, financial flows resulting from labour movements can be found under the following headings:[3]

- Labour income: this component covers wages, salaries, and other compensation (in cash or in kind) that persons earn in an economy other than the one in which they reside by working for a resident of that economy. Such persons either (i) are not residents of the economy where they live and work because they remain there for less than a year, (e.g. are seasonal workers) or (ii) do not have their abode in the same economy where they work (e.g. are border workers).

- Workers' remittances: this component covers unrequited transfers by those migrants (persons who have come to an economy and who stay, or are expected to stay, for a year or more) employed by their new economy, of which they are considered to be residents. Similar persons who work for and stay in the new economy for less than a year are considered to be non-residents; their transactions are appropriate mainly to the component for labour income.

The distinction between those individuals whose earnings are to be classified as labour income (persons who are not residents of the economy where they work) and migrants (persons who have become residents of that economy by virtue of being expected to live there for a year or more) is often hard to draw in practice. The criterion used in balance of payment accounting practice is to consider all stays abroad of one year or more as de facto immigration (change of residency). This is simply a convention. It does not mean necessarily that actual immigration in a legal sense has

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[3]The third component refers to migrants' transfers. In the strictest sense, these transfers are not unrequited transfers, which refer to transactions between two parties, but are contraentries to the flows of goods and the changes in financial items that arise from migration (change of residence for at least a year) of individuals from one economy to another. The contraentries are thus equal to the net worth of the migrants.

occurred. However, the distinction is rather arbitrary, and in practice it is often difficult for statisticians to allocate financial flows to the two categories accurately. Indeed, the IMF tends to correct much of the data it receives. Thus, for example, about 5 billion U.S. dollars of what countries reported as labour income in 1983 was reclassified as remittances by the IMF.

TABLE 1

Approximate stock of migrant workers abroad by selected source country, early 1980's

COUNTRY	APPROXIMATE NUMBER (thousands)	AS A PROPORTION OF OUR ECONOMICALLY ACTIVE POPULATION IN THE EMIGRANT COUNTRY (%)
Africa		
Benin	200	10
Burkina Faso	2000	53
Algeria	330	9
Egypt	700	6
Guinea	3000	>100
Lesotho	160	30
Mali	3000	75
Niger	200	6
Sudan	630	10
Togo	300	24
Asia		
India	2000	1
Pakistan	1900	7
Philippines	1200	9
Europe		
Greece	170	4
Italy	2300	10
Portugal	1100	23
Yugoslavia	1000	10
Turkey	2000	10
Latin America		
Bolivia	700	35
Chile	300	8
Colombia	700	7
Paraguay	550	51
Uruguay	80	7
Mexico	>2000	9

Note: Latin American data are for the late 1970's. In general, the reported figures should be interpreted as giving an indication of order of magnitude only.
Source: First column based on data compiled by B. Hoekman, published in The Uruguay Round: Services in the World Economy, World Bank/UNCTC, 1990, page 41, table 4-13. Second column: GATT secretariat estimates based on Encyclopaedia Britannica data.

TABLE 2

Remittances and Export Earnings 1980/1988 of Selected Countries

Country	Remittances 1988			Proportion of total exports (%)	
	mn US$	of which in % LI	WR	1980	1988
Africa					
Lesotho	323	100		77	78
Egypt	3,770		100	44	55
Morocco	1,305		100	33	25
Sudan	218		100	28	40
Mali	96		100	24	31
Tunisia	544		100	10	13
Asia					
India	2,668*		100	25	18
Pakistan	1,860		100	65	37
Philippines	1,263	69	31	8	13
Thailand	926	100		5	4
Bangladesh	763		100	30	50
Korea	874	59	41	1	1
Sri Lanka	357		100	12	20
Europe					
Greece	1,743	4	96	14	16
Portugal	3,528	4	96	45	25
Yugoslavia	4,051*		100	30	26
Spain	1,790	15	85		
Italy	3,751	67	33		
Turkey	1,762		100	42	10
Latin America					
Colombia	457	2	98	2	7
Paraguay	21	100		8	2
Uruguay	----------	----------	n.a.	----------	----------
Mexico	679	61	39	2	2

Note: Remittances equal the sum of labour income (LI), and workers' remittances (WR). In general, the reported figures should be interpreted as giving an indication of order of magnitude only.

*Figure for 1987.