

# **When Japan Becomes the Top Choice for Migrant Workers**

—A Glimpse into Taiwan’s Looming Labor Shortage Crisis through the Streets of Vietnamese Labor Recruitment

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In late 2018, an extraordinary incident involving Vietnamese tourists disappearing after arriving in Taiwan quickly captured the news. One hundred fifty-two Vietnamese visitors, who had come to Taiwan as tourists, vanished without a trace. Headlines reading “Fake Tourism, Real Work” flashed across news stations, making it the largest and most significant defection event in history.

## **Deceived by Exploitative Brokers, the Dream of Working in Taiwan Turns into Empty Hope**

During the lull after the defection news died down, a Vietnamese man, A-Tai, who had been part of the mass disappearance, decided to turn himself in. He sought out the Vietnamese Migrant Workers’ Office, run by Father Peter Nguyen Van Hung, and confessed to the social worker that his journey to Taiwan had been nothing more than a scam<sup>1</sup>.

A-Tai had met someone online who claimed to have connections in Taiwan. This person promised him that, charging only \$1,500, he could arrange a tourist visa and secure a job for him in Taiwan. The job would pay around NT\$20,000 per month—several times the wage he earned back in Vietnam. A-Tai had considered going through an official agency to come to Taiwan legally, but the agency’s fee was a steep \$6,000. Besides, his sister had only just arrived in Taiwan for work, and the family’s land had already been mortgaged to cover her expenses. There was simply no way they could afford to send him abroad legally.

Though A-Tai was fully aware of the risks of working in Taiwan on a tourist visa<sup>2</sup>, the

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<sup>1</sup> Shu-Ching Chuang (January 11, 2019). “The confessions of the main subject in the largest ‘Vietnamese tourists abandoning their tour group’ case in history: I was deceived.” *Reporter* reader submission.

<sup>2</sup> According to media reports, the number of Vietnamese workers staying in Taiwan on tourist visas and working illegally has been increasing. Workers only need to pay about \$1,000, which is five times cheaper than the recruitment fees charged by intermediary companies. Ref: Le Giang Lam (2019, January 13). Brokers lead Vietnamese workers into exile in foreign lands. VnExpress International. Accessed on: <https://e.vnexpress.net/news/news/perspectives/brokers-lead-vietnamese-workers-into-exile-in-foreign->

crushing poverty of his rural life pushed him to take a desperate gamble. Once in Taiwan, the middleman who had promised him a job disappeared without a trace. For two months, A-Tai wandered the streets, unable to find a job. He moved from one friend's dormitory to another, living off their generosity. But not wanting to burden anyone further, he finally decided to turn himself in and return home.

A-Tai's story reflects the broader changes that have shaped migration systems in Asia since the 1980s<sup>3</sup>. Emerging nation-states have tightened border controls and developed regulated, government-supervised circular migration systems at the same time. For workers seeking opportunities abroad, the tightening of borders has only increased the risks. As a result, they are forced to rely more on professional manpower agency, rather than the illegal smugglers who once facilitated border crossings.

In theory, the advantages of this system are clear and comprehensive. Workers from poorer nations gain access to employment opportunities, while wealthy countries benefit from cheap labor. This circular migration model ensures that neither country suffers from population loss or unwanted immigration. Asian countries have gradually shaped this transnational labor flow into a legal and safe migration channel. Following this logic, the introduction of documented migrant workers is expected to dry up the market for smugglers trafficking in undocumented laborers<sup>4</sup>.

That being said, in reality, the issue of illegal immigration has not been eliminated. According to statistics from the Ministry of the Interior, Taiwan faces around 20,000 cases of illegal immigrants each year<sup>5</sup>, the majority of whom enter on tourist visas and simply vanish. Additionally, there are still over 200 cases annually of individuals entering Taiwan through even riskier smuggling routes<sup>6</sup>. When factoring in the migrant workers who go missing, the number of undocumented immigrants in Taiwan exceeded 100,000 in 2022—and this number continues to rise<sup>7</sup>.

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[lands-3864713.html](#)

<sup>3</sup> Hugo, Graeme, 'International Migration in the Asia-Pacific Region: Emerging Trends and Issues,' in Douglas S. Massey, and J. Edward Taylor (eds), *International Migration: Prospects and Policies in a Global Market* (Oxford, 2004; online edn, Oxford Academic, 1 Aug. 2004, accessed 28 May 2023).

<sup>4</sup> Molland, Sverre. 2012. Safe migration, dilettante brokers, and the appropriation of legality: Lao-Thai "Trafficking" in the context of regulating labor migration. *Pacific Affairs*. 85. 117-136.

<sup>5</sup> Based on the Ministry of the Interior's "Annual Report on the Investigation and Enforcement of Illegal Foreign Nationals."

<sup>6</sup> Zhang Ziwu, 2023, "Behind the Floating Body Case: How Many Vietnamese Illegal Immigrants Are Following in the Wake of Others? How Do They Cross the Black Ditch?" *The Reporter*, 5/10.

<sup>7</sup> In February 2023, 14 bodies were found floating off the western coast of Taiwan, believed to be Vietnamese illegal immigrants who had attempted to smuggle themselves into Taiwan but tragically lost their lives at sea.

Vietnamese people make up the largest foreign population in Taiwan across categories like marriage immigration, foreign laborers, and undocumented workers. However, due to differing statistical classifications and applicable regulations, immigration officials often treat these groups as separate populations. In reality, they can all be considered part of the broader category of migrants. Some migration scholars argue for a more expansive view of the migration industries<sup>8</sup> one that studies population movement beyond just labor recruitment agencies. This broader perspective includes the interwoven roles of transporters, medical examiners, loan companies, and even human smugglers—each playing a part in facilitating migration. From this vantage point, it becomes clear that disruptions in the migration channels between the two countries—such as rising recruitment fees—may be pushing potential workers toward the risky path of illegal smuggling.

Manpower agencies play a pivotal role in this continuous migration system, enabling migrant workers to find job opportunities thousands of miles away. Yet, the more I reflect on this issue, the more I believe that if we continue to focus solely on the wrongdoings of manpower agencies, we risk missing the bigger picture. We'll fail to find the motivation needed to reform the industry, and more dangerously, we might overlook the responsibility that governments and employers share in the suffering of these workers. These realizations have driven me to dedicate time to studying the role of labor brokers, as I believe it holds the key to understanding the debt burdens of migrant workers and the injustices embedded in the recruitment system.

### **Vietnamese Migrant Workers' Yearning for Taiwan is Fading**

The locations I visited for interviews were concentrated in Quận Cầu Giấy, a newly developing district situated on the outskirts of Hanoi in northern Vietnam. The area is surrounded by construction sites, with towering buildings rising all around. In the afternoon, the main streets were eerily quiet, and entire rows of shops stood empty, with no customers in sight.

At 5:45 in the evening, the stillness of the dawn was shattered by thousands of young men and women streaming out of the training center gates, many of whom wearing identical blue-and-white polo shirts emblazoned with the flags of Vietnam and Japan. On this most famous labor street in Vietnam, a stretch of less than 600 meters is lined with over a hundred “labor export companies”—recruitment agencies that specialize in

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<sup>8</sup> Sophie Cranston, Joris Schapendonk & Ernst Spaan . 2018. New directions in exploring the migration industries: introduction to special issue, *Journal of Ethnic and Migration Studies*, 44:4, 543-557.

sourcing and training young people from Vietnam, then transporting them to work in Japan, South Korea, Taiwan, and other countries.

Vietnamese migrant workers have long been a key source of labor for Taiwan's manufacturing industry. Ever since 2018, there have been more than 700,000 foreign migrant workers working in Taiwan, more than 60% of whom are industrial migrant workers, and Vietnamese migrant workers account for nearly 45%.

The enthusiasm of young Vietnamese migrant workers for Taiwan is steadily waning. Since 1999, when the Vietnamese government began sending workers to emerging East Asian economies, Taiwan had always been the top destination for Vietnamese laborers. However, this trend has shifted in recent years. In 2018, Japan surpassed Taiwan for the first time, becoming the largest recipient of Vietnamese labor. In 2019, around 80,000 Vietnamese workers went to Japan, compared to just 54,000 to Taiwan, and the gap has continued to widen<sup>9</sup>. After the easing of the COVID-19 pandemic and the lifting of border restrictions, in 2022, about 140,000 Vietnamese workers went abroad, with Japan remaining the top destination<sup>10</sup>, receiving over 67,000, while Taiwan maintained around 58,000<sup>11</sup>.

There are many reasons why young people in Vietnam are no longer eager to work in Taiwan. First and foremost, Vietnam's economy is booming, with a steady growth rate of around 7% over the past decade. The country has benefited greatly from the 2018 US-China trade war, as foreign companies have been seeking alternatives to China and shifted their manufacturing bases to northern Vietnam. Then, in the following year, Samsung Group from South Korea closed all of its factories in China and moved its overseas production focus to Vietnam, where it is expected that more than half of the world's smartphones will soon be made. Even Taiwan's electronic manufacturing giant Foxconn has been ramping up its presence in Vietnam, expanding a factory in Bắc Giang Province that produces laptops and tablets, and investing \$300 million to hire over 30,000 workers. Apple's Taiwanese suppliers, including Pegatron and Quanta, are also betting on Vietnam's potential, rushing to set up more electronics assembly plants. As a result, job opportunities for local workers have soared<sup>12</sup>.

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<sup>9</sup> <https://e.vnexpress.net/news/news/japan-taiwan-dominate-vietnamese-labor-imports-in-2019-4036488.html>

<sup>10</sup> ILO, (2022). TRIANGLE in ASEAN Quarterly Briefing Note Viet Nam. Accessed: [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/genericdocument/wcms\\_735109.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/genericdocument/wcms_735109.pdf)

<sup>11</sup> <https://vietnamnet.vn/en/vietnam-sends-142-000-workers-abroad-last-year-2099096.html>

<sup>12</sup> YU NAKAMURA, HIDEAKI RYUGEN, and YUJI NITTA. (April 29, 2023). Apple's Taiwan suppliers lead renewed pivot from China: As Sino-U. S. tensions mount, Foxconn and Quanta turn to countries like Vietnam. Nikkei Asia. Accessed on: <https://asia.nikkei.com/Spotlight/Supply->

In addition, the rapid expansion of higher education in Vietnam has also influenced the willingness of its young people to work abroad. In the late 1990s, the government amended regulations to allow private universities and vocational schools to be established. However, the pace of industrial restructuring has not kept up with the growth of universities, leading to an annual influx of about 200,000 university graduates who struggle to find jobs<sup>13</sup>. Many of these graduates consider working abroad, but their expectations have risen—they are less interested in the hard, labor-intensive factory work in Taiwan and are now seeking opportunities that offer more promising career prospects.

For the young people belong to the “Generation I<sup>14</sup>,” enduring hardship and suffering is a thing of the past—something belonging to the older generation. The Vietnamese government, recognizing this shift, has adjusted its messaging about working abroad accordingly. In the early 2000s, exporting labor was promoted as a key poverty reduction strategy, with the government declaring its goal to “support vocational training in impoverished areas... and aim to export 8,000 workers annually.” However, after 2017, the narrative shifted. Vietnamese officials began framing overseas work as a way to “prepare future human resources<sup>15</sup>,” emphasizing that going abroad was now seen as an opportunity to enhance language skills and acquire technical expertise. They also encouraged workers to return home when the time is right, contributing their knowledge and skills to the nation’s economic development.

“I think in a few years, there won’t be many Vietnamese people wanting to work in Taiwan anymore,” said A-Yi. He is a Vietnamese labor broker who has been facilitating the dispatch of workers to Taiwan for 16 years and speaks fluent Chinese. That being said, by the first half of 2019, A-Yi had already started hiring translators to accompany him on business trips to Japan to meet with clients.

A-Yi’s perspective aligns perfectly with the voices of young Vietnamese migrant workers. While I was wandering down the labor street, a group of 18- or 19-year-old girls approached me and enthusiastically greeted me in the Japanese they had just

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[Chain/Apple-s-Taiwan-suppliers-lead-renewed-pivot-from-China](#)

<sup>13</sup> Chen Yiru, 2013, *The Transformation of Vietnamese University Teachers' Work Content and Professional Role Perception under Globalization*, *Humanities and Social Sciences Newsletter Quarterly*, 15(1): 46-52.

<sup>14</sup> This refers to the generation born between 1990 and 2001.

<sup>15</sup> Khuat, Thu Hong, 2019. “Sending More or Sending Better Care Workers Abroad? A Dilemma of Viet Nam’s Labour Exporting Strategy.” Paper Presented at the 92nd Annual Meeting of the Japan Sociological Society, Tokyo, Japan, October 5-6.

learned. At the time, I was wearing a camera around my neck, and they assumed I was a tourist from Japan looking to practice their language skills. I waved my hand and explained in English that I was from Taiwan. One of the girls seemed to catch the key word “Taiwan” and immediately switched to Chinese. “Do you speak Chinese?” I asked, surprised. “I was planning to apply for a job in Taiwan, so I learned Chinese for a few months,” she replied. “But now, everyone wants to go to Japan instead.”

**In response to the intense competition for workers, Japan has amended its laws to attract migrant workers with more favorable conditions.**

To address the challenges of an aging population and long-term labor shortages, Japan has relaxed its immigration policies. In 2019, under the Abe administration, Japan amended the Immigration Control and Refugee Recognition Act to ease the requirements for the Specified Skilled Worker (SSW) visa, aiming to attract foreign workers. This change targeted not only the caregiving sector but also workers in key manufacturing industries such as metal production, machine tools, and electronics—industries facing significant labor gaps and the focus of Japan’s recruitment efforts to bring in much-needed foreign labor.

Vietnamese workers initially went to Japan through the Technical Intern Training Program (TITP), which began in the 1990s. Japan presented this program as a way to transfer technology to developing countries, but in reality, it became a backdoor method for importing foreign labor. A network of study-abroad agents and brokers facilitated the process, sending Vietnamese workers to basic Japanese language schools while arranging for them to work in factories during their spare time. Under the program’s rules, Vietnamese workers were allowed to stay in Japan for only three years. During this period, they were not permitted to leave the country or change employers. Since the workers were classified as “trainees” rather than employees, they were not covered by Japan’s labor laws, leaving them vulnerable to exploitation. They frequently faced issues such as forced overtime and wage deductions, with international human rights groups often condemning the system as a form of modern-day slavery.

In 2019, the Japanese government finally acknowledged the labor shortage and decided to amend immigration laws to recruit foreign workers, with plans to bring in approximately 340,000 people over the next five years. These workers are guaranteed the same minimum wage as Japanese nationals, ranging from 160,000 to 200,000 yen (about NT\$40,000 to NT\$50,000). After working for five years, migrant workers can apply for permanent residency, provided they pass a language test and skills assessment.

In addition to being able to bring their families to live with them, they will also have the freedom to change employers.

Such high-standard labor conditions led Vietnamese Prime Minister Nguyễn Xuân Phúc to emphasize, in a 2019 interview with the major Japanese media Nikkei, that Vietnam's labor exports "will always prioritize Japan above all else."

A wave of international competition for workers is sweeping across the globe. In 2017, the International Labour Organization (ILO) conducted a survey on global migrant labor trends and found that about 20% of international migrant workers are concentrated in Asia. Notably, the flow of workers from Southeast Asia to East Asian countries—such as Japan, South Korea, and Taiwan—has become one of the most significant migration routes in contemporary labor movement.

As for South Korea's approach, let's turn the clock back to the 1990s, when Taiwan, Japan, and South Korea began experimenting with bringing in foreign labor. Unlike Taiwan, which established specific laws to recruit migrant workers, South Korea chose to follow Japan's model with its trainee system. In the early years, South Korea relied heavily on labor brokers, which led to many foreign workers arriving in the country only to find themselves trained at factories that weren't part of the official program. Instead of receiving training at designated companies, many were sent to other manufacturing plants, and these trainees were not covered by labor laws. As a result, cases of employers violating the rights of foreign workers became widespread.

In 2003, the South Korean government revised its strategy, adopting a direct government-to-government hiring model known as the Employment Permit System (EPS). Under this system, foreign migrant workers are entitled to the same labor protections as South Korean workers. The direct recruitment approach also significantly reduced the costs for migrant workers traveling abroad. For example, Filipino workers only need to pay about \$500 to the manpower agencies, while Vietnamese workers pay less than \$800<sup>16</sup>—far lower than the \$6,000 agency fees typically charged for workers coming to Taiwan. Currently, South Korea has signed bilateral agreements with 16 labor-sending countries to streamline the process and ensure better protection for foreign workers.

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<sup>16</sup> Chen Jiongzhi, 2020, "Reflecting on the Improvement of Taiwan's Direct Hiring System from the History of Taiwan-Korea Migrant Worker Employment", *National Chiao Tung University Law Review*, December 2020.

Japan, on the other hand, relies on semi-official labor cooperatives to recruit migrant workers. In recent years, these cooperatives have been traveling to Vietnam to find intermediaries and jointly establish language schools with them. Around the city of Hanoi, a large number of Japanese language schools have sprung up, catering to the growing demand from those seeking to work in Japan.

The senior executive of a manpower agency, Qiu Shui (a pseudonym), stood on the balcony of a newly completed Japanese language school. The building was a five-story structure decorated with blue-and-white ceramic tiles. The first and second floors were classrooms and offices, while the third and fourth floors served as dormitories for workers preparing to go abroad. Her company invests in real estate, amusement parks, and five-star hotels, and has also branched out into labor brokering, sending thousands of workers each year to Japan, South Korea, Taiwan, and the Gulf countries. Qiu Shui had many plans for the future, one of which was stepping away from the Taiwanese market, which she had cultivated for two decades. Before 2020, she would fly to Taiwan every season to build relationships with local brokers, even stationing staff in Taipei to better serve her clients. Now, she had shifted her focus, making monthly trips to Japan to visit clients there instead. “We’ll gradually let go of the Taiwan market,” she said, with a tone filled with excitement and anticipation for the new opportunities Japan held.

Sociologist Pei-chia Lan, who specializes in the study of East Asian migration systems, has also noted Japan’s growing appeal in the international migrant labor market. In 2019, she visited Japan to research the newly introduced SSW visa. For Vietnamese migrant workers, according to her research, entering Japan through this pathway is not easy. They must spend six to eight months learning Japanese to pass a higher-level language exam. Furthermore, within the five-year validity of the visa, they must also pass a national certification exam. If they fail to do so, they will be required to leave the country. As a result, many scholars have criticized Japan for offering migrant workers a “pie in the sky”—something that looks promising but is difficult, if not impossible, to achieve.

That being said, the cost for migrant workers to go to Japan has indeed decreased. Since Japan has adopted the zero-fee policy for recommended by the ILO, Japanese employers are now required to cover the majority of the costs, which is a significant departure from the situation in Taiwan<sup>17</sup>. Lan uses caregiving workers as an example. “The employer conducts the interviews and selects the workers, then the workers learn

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<sup>17</sup> Lan, P. (2022). Contested skills and constrained mobilities: Migrant carework skill regimes in Taiwan and Japan. *Comparative Migration Studies*, 10(1), 1-18. <https://doi.org/10.1186/s40878-022-00311-2>



Japanese and receive training in their home country. All the costs for their travel and employment in Japan are covered by the employer,” said Lan.

Japan’s SSW immigration program has been hailed as a labor recruitment scheme capable of bypassing the need for manpower agencies. However, in reality, the number of foreign workers entering Japan through this program has been relatively small. According to Japanese statistics up to 2021, only 38,000 foreign workers held the SSW visa<sup>18</sup>.

Lan explains that this is because Japan employs a dual-track system to attract foreign labor, with both the TITP and the SSW visa pathways running at the same time. Given the cost of hiring workers, Japanese employers still tend to recruit workers under the guise of the TITP, especially in industries like agriculture and machinery manufacturing. Workers coming through this channel still need to pay fees to labor brokers, but, due to the acute labor shortages in certain industries, these brokerage fees have significantly decreased. “Vietnamese workers going to Japan pay around \$3,600 in fees, which is still much lower than the \$6,000 it costs to come to Taiwan,” said Lan.

Regardless of the pathway, the proportion of Vietnamese workers among foreign laborers in Japan has been steadily increasing. By 2021, Japan had 1.72 million foreign workers, with 440,000 of them being Vietnamese—surpassing China for the first time to become the largest foreign worker group in Japan<sup>19</sup>. Due to the border lockdowns caused by the COVID-19 pandemic, Japan’s progress in recruiting foreign workers from overseas fell short of expectations. As a result, the Ministry of Labor had to relax regulations, allowing trainees in Japan to switch to SSW visas, which in turn increased the proportion of Vietnamese workers among skilled laborers. According to recent reports, the Japanese government is considering abolishing the TITP and easing the conditions for specified skilled workers to obtain permanent residency<sup>20</sup>.

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<sup>18</sup> According to data from Japan's Immigration Services Agency, in 2021, there were approximately 38,337 individuals holding the “Specified Skilled Worker (i)” visa in Japan. The largest occupation group was the food manufacturing industry, with 13,826 people (36.1%), followed by agriculture with 5,040 people (13.1%). These two sectors together accounted for nearly half of all “Specified Skilled Worker (i)” visa holders. By nationality, the largest group came from Vietnam, with 23,972 individuals (62.5%), followed by the Philippines with 3,519 people (9.4%), China with 3,194 people (8.3%), and Indonesia with 3,061 people (8%).

<sup>19</sup> Zhong Jinlong (2021-02-04). *Indispensable Labor! A Comparison of Foreign Migrant Workers in Taiwan and Japan*. Rti Radio Taiwan International. <https://www.rti.org.tw/news/view/id/2091013>

<sup>20</sup> Japan Times (2021). *In a Major Shift, Japan Seeks to Allow More Foreign Workers to Stay Indefinitely*. <https://www.japan-times.co.jp/news/2021/11/18/national/japan-indefinite-visas/>

## **The recruitment of migrant workers has become a seller's market.**

For young workers in Vietnam, the need to go abroad for work is no longer as pressing, as job opportunities at home are steadily increasing. Even if they choose to work abroad, they now have more options in terms of countries to work. Working in Japan offers higher wages than Taiwan, and with lower agency fees, Taiwan is no longer the first choice for Vietnamese migrant workers.

To observe the changes in migrant workers' "migration flows," we need to compare the quotas granted to employers by the Ministry of Labor and the actual number of workers filling those quotas. I have studied data from 2010 onwards and found that the Ministry has continually encouraged employers to secure higher quotas through various investment incentives. However, the number of migrant workers in the manufacturing sector began to stagnate after 2016, remaining at around 15,000 workers per year, and sometimes even decreasing. In the caregiving sector, the gap between supply and demand is even more pronounced. Regardless, Taiwan's demand for migrant workers has clearly outstripped the supply.

For labor brokers, they are more accustomed to using the "worker selection ratio" to measure the migrant labor market. The "worker selection ratio" refers to how many potential workers an employer has to choose from for each worker they hire. In the past, job opportunities in Taiwan were the most valuable commodity in the market. For every worker hired, employers could receive resumes from three or more candidates, making the selection ratio very high.

In the early years, Taiwan offered labor protections for migrant workers that ensured they received wages on par with local workers, making the conditions better than in neighboring Hong Kong and Singapore. When the minimum wage was raised, migrant workers' salaries would increase as well. As a result, around the year 2000, Taiwan became the first choice for many Southeast Asian migrant workers seeking employment abroad.

But now, Japan and South Korea offer migrant workers' salaries exceeding NT\$40,000, making Taiwan's wages less attractive to Southeast Asian workers. "Now, when a Taiwanese employer wants to hire a foreign worker, they might only receive one resume, and that's usually one the Vietnamese broker has managed to bring in," recalled Wang Yu-heng. Since 2014, news of labor shortages overseas began circulating within Taiwan's labor brokerage circles, and eventually, even Taiwanese employers began to

feel the shift. “The time employers spend reviewing resumes has been getting shorter, as they worry workers might be snatched up before they can make a decision.”

“What I fear the most is that their home countries facing a labor shortage. If wages in their nations continue to rise, why would they still come to Taiwan?” said Hu Zhong-yu, chairman of the Manpower Agencies Association of ROC. With his neatly styled hair and round face, Hu has been in the labor brokerage business for over 30 years, even before Taiwan passed laws to introduce foreign migrant workers. His concerns are not without merit—Vietnam’s recent economic growth has been impressive, and it has the potential to become the next global manufacturing hub.

“If employers want to find better workers, I always ask: ‘How much can you offer in salary?’ You can't just offer NT\$23,800; you need workers with certifications and experience. How can you compete with Japan and South Korea? Their steel plant salaries start at NT\$45,000...” said Hu. “It’s not like it used to be. Back then, if you offered just over NT\$10,000, workers would be scrambling to come. Times have really changed.”

Many labor brokers have told me that, for the first time in history, the migrant worker market has shifted from a buyer’s market to a seller’s market. The days when employers could be selective in hiring are over. With labor shortages across industries, the average migrant worker now has a dozen or more job offers to choose from. Taiwanese brokers are complaining that workers are becoming increasingly picky—rejecting jobs in tough 3D (Dirty, Dangerous, and Demeaning) factory work, avoiding positions without overtime, and even turning down offers if they have family members with serious health conditions or too many dependents at home. I witnessed one such job selection process in Vietnam, which validated these claims.

Discrimination has always been an unspoken rule in the job selection process. The Vietnamese broker who hosted me explained that, in the past, it was a big deal when Taiwanese brokers came to select workers. They would have to borrow a hall at a nearby elementary school just to accommodate all the applicants. Taiwanese employers often preferred their technicians to be female—young, good-looking, and married. Only for particularly exhausting or technical jobs would they consider hiring men. Even then, the standards for male workers were high—too short, too fat, dyed hair, or tattoos were all grounds for rejection.

Now, promoting Taiwan's 3D jobs in Vietnam barely attracts any workers to apply on their own. The only exception seems to be electronics factories that offer "zero-fee" recruitment, where they can still be selective in choosing workers. I observed one such recruitment event, which was held at a Vietnamese broker's office. The office rearranged its furniture, squeezing in four or five rows of chairs, and around thirty workers, all women, showed up. Taiwanese and Vietnamese brokers had designed a series of confusing, almost absurd, requirements. The female applicants had to memorize the 26 English letters, thread a needle under bright lights, and had their fingernails scrutinized carefully.

Finally, the applicants reached the last stage—the interview—conducted by two brokers from Taiwan. One of them immediately asked, "Are you married?" In Taiwan, it is illegal for any company to discriminate based on gender or marital status, but here, brokers openly evaluate workers with blunt questions, often based on their personal preferences or biases. Some sensitive HR managers might adjust their questioning if they sense a journalist is present, but these brokers seemed unphased. The other broker followed up with, "If you're not satisfied with the working conditions in Taiwan, would you file a complaint?"

But in Taiwan, 98% of businesses are small and medium-sized enterprises, and they are increasingly reliant on migrant workers. These employers are feeling the deepening pressure of labor shortages. The immediate reason is that the incentives they can offer—wages, benefits, and zero-fee recruitment—are simply not competitive with the offerings of electronics factories. The deeper structural issue lies in the fact that the dirty, difficult, and dangerous 3D jobs are ones that no local Taiwanese want to take, forcing the country to rely on migrant workers to fill the labor gap.

In recent years, Taiwan has also been facing a rapidly aging population and a shrinking workforce. According to estimates from the Ministry of the Interior, Taiwan is set to experience its largest wave of retirements in the next decade, with an estimated 3.78 million people set to retire. However, the number of people entering the working age population will only increase by 1.78 million<sup>21</sup>. As a result, the labor shortage will inevitably widen, further increasing the need for migrant workers.

What's even more concerning is that, in the competitive international migrant labor market, Taiwan also has to contend with diplomatic power. Taiwan has been importing

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<sup>21</sup> Huang Peihan, Chen Boyi, 2023-03-06, "*The Largest Retirement Wave in History: About 3.78 Million People, Taiwan Faces Potential Labor Shortage Impact*", PTS News. <https://news.pts.org.tw/article/626028>

foreign labor for over thirty years, but the actual source countries are limited to just four: Vietnam, Indonesia, Thailand, and the Philippines. In contrast, Japan and South Korea have partnerships with more than ten countries each. Despite Taiwan's efforts over the years to negotiate labor agreements with countries like Myanmar, Laos, and Bangladesh, many of these potential partner countries remain hesitant to cooperate with Taiwan due to pressure from China.

In my interviews, many labor brokers consistently mentioned the changes in Thai migrant workers. In the 1990s, Thai workers were the largest source of labor for Taiwan, taking on major infrastructure projects like the high-speed rail and the North Second Highway. At its peak, there were over 140,000 Thai workers in Taiwan. However, after the 2000s, as wages in urban areas like Bangkok began to rise, the number of Thai workers coming to Taiwan steadily declined. Now, fewer than 60,000 remain, making them the smallest group of migrant workers in Taiwan.

“He already makes 16,000 in Thailand. Coming to Taiwan for just over the minimum wage, around 20,000 after deductions for service fees and other costs, means he's really not making much more. So why would he bother coming to Taiwan to work?” Hu pointed out. “If countries in Southeast Asia continue to grow economically, like Thailand has, and now Vietnam is also growing, then Labor Ministry, which country are you going to recruit from next?”

Given the international realities, it's difficult for Taiwan to expand its pool of migrant labor sources. If the conditions—such as wages and residency—can't compete with countries like Japan and South Korea, it seems unlikely that the number of migrant workers coming to Taiwan will grow any further.

The situation in Taiwan, where demand for migrant labor exceeds the supply of workers available, poses a challenging future scenario. The COVID-19 pandemic, with its rapid onset and severe impact, offers a lens through which we can glimpse what may lie ahead. In 2020, Taiwan was forced to close its borders, and new migrant workers were unable to enter. At the same time, the global consumer electronics industry was booming, and semiconductor manufacturers in Taiwan were expanding rapidly. These industries urgently needed workers, and many electronics factories were willing to hire from small factories or even from domestic workers without prior experience.

Due to the significant imbalance in the labor conditions for migrant workers in Taiwan, those working in electronics factories typically earn around NT\$35,000 per month.

Migrant workers in general factories, including overtime pay, earn at least NT\$30,000, and they are protected under the Labor Standards Law, with fixed rest days and greater mobility. In contrast, domestic workers must live with their employers, work longer hours, and receive a lower salary, around NT\$20,000. As a result, during the pandemic, many caregivers were more willing to switch to factory jobs. According to official statistics, in 2021, around 2,400 caregivers switched to factory work, a significant increase compared to just 280 the previous year<sup>22</sup>, a rise of 8.4 times.

Some employers criticize the job-switching behavior of domestic caregivers, calling it “worker washing.” These workers enter Taiwan under caregiver contracts and then switch to factories with better conditions. In response to repeated petitions from employer groups, the Ministry of Labor agreed in August 2021 to raise the threshold for job switching. It was clarified that migrant workers who wish to change industries must first register at a public employment service station and prioritize jobs within the same category. Only if no employer offers a position within 14 days can they then switch to a different industry.

However, the threat of losing migrant workers in Taiwan is a real concern. The Taiwanese government has continued to implement measures that benefit migrant workers, such as allowing employers to extend the residency visas of migrant workers during the pandemic, even if they have already reached the maximum allowed duration of stay. In addition, the government has agreed to allow migrant workers to extend the period for changing jobs indefinitely. In the past, workers were required to leave the country if they did not find a new employer within two months.

A more significant example is the series of negotiations between the Taiwanese government and representatives from Indonesia in 2022, which ultimately resulted in an agreement to raise the monthly salary of caregivers from NT\$17,000 to NT\$20,000. Earlier that year, the Ministry of Labor announced a new residency program for migrant workers. Under the new plan, foreign workers who have lived in Taiwan for six years, earn a designated salary, and possess specific skills, can apply to convert to a “mid-level skilled worker” visa status, with the eventual eligibility to apply for permanent residency.

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<sup>22</sup> The number of migrant workers successfully switching industries remains limited. Between January and August 2021, before the Ministry of Labor implemented the ban on industry switching, 2,404 caregivers successfully transitioned to other sectors. In contrast, only 287 workers made the switch in 2020, and just 66 in 2019. Source: Pei-Chia LanLan, P.-C. (2022). "Contested Skills and Constrained Mobility: Migrant Carework Skill Regimes in Taiwan and Japan." *Comparative Migration Studies* 10:37. DOI: 10.1186/s40878-022-00311-2

## **High Brokerage Fees, Layers of Kickbacks, and the Gradual Loss of Recruitment Competitiveness**

The Taiwanese government has released favorable policies, but they are unwilling to address the more fundamental issue of brokerage fees. On the other hand, the Vietnamese government is quite concerned about this issue. During my visit to Vietnamese recruitment agencies in 2019, I privately obtained a report from Vietnam's Department of Overseas Labour, which conducted a study on the foreign labor markets of Japan, South Korea, and Taiwan.

In the past, Vietnamese workers coming to Taiwan often had to pay exorbitant brokerage fees ranging from \$6,000 to \$8,000 (approximately NT\$200,000). As a result, workers were forced to work overtime during their first two years to repay their debts, a practice that has been criticized by international human rights organizations as modern-day slavery. The report from Vietnam's Department of Overseas Labour specifically pointed out, "Due to competition from Japan and South Korea, Taiwan's labor supply is bound to decrease," "However, this presents an opportunity to reduce the high costs that Vietnamese workers have to pay to work in Taiwan."

This is the basic logic of economics: when the foreign labor market is in short supply, Vietnamese workers can benefit from the market. The Ministry of Labor agrees with this view. Over the past thirty years, "Our dependence on foreign migrant workers has continuously increased, but at the same time, more countries are introducing migrant workers. Therefore, the cost for employers to bring in workers will inevitably rise," said Xue Jianzhong, former head of the Cross-Border Workforce Management Division, Workforce Development Agency, Ministry of Labor.

However, the Vietnamese government hoped that amidst the global competition for labor, the costs for migrant workers coming to Taiwan would be reduced. This expectation has clearly fallen short. The authorities set a cap on the total brokerage fees for Vietnamese workers applying to work in Taiwan, limiting it to no more than \$4,000 (approximately NT\$120,000). However, workers have actually paid around \$6,000, which is equivalent to 20 months' worth of wages in Vietnam.

The costs have not decreased as expected because there is a large and complex system of labor intermediaries between the sending and receiving countries' governments. This includes both formal and informal middlemen who offer various legal or illegal services to customers, such as arranging transportation or illegal immigration, providing

translation and training, processing or falsifying documents, short-term lodging, and high-interest loans<sup>23</sup>. As workers and employers on both sides become more reliant on intermediaries, it creates a vast space for rent-seeking by these intermediary operators<sup>24</sup>.

“The Taiwanese intermediaries asked me for \$4,000 (kickback), and we Vietnamese intermediaries have to accept it,” A-Yi said, without any criticism in his tone, but rather with a sense of envy. “In the end, this money is always included in the total fees that the workers have to pay.” His statement aligns with the research<sup>25</sup> of Professor Wang Hong-zen from the Department of Sociology at the National Sun Yat-sen University. He interviewed nearly twenty brokers from both Taiwan and Vietnam and found that Taiwanese brokers take 60% of the profits from the cross-border labor distribution.

For labor-importing countries like Taiwan, migrant workers are seen as temporary labor; once they are no longer needed, they must return home. At the same time, the government has outsourced most of the responsibilities for managing migrant workers and escorting them out of the country to manpower agencies. Dr. Yen-Fen Tseng from the Department of Sociology, National Taiwan University, has described this as “governance at a distance<sup>26</sup>,” where the government lowers the entry barriers for labor intermediaries, allowing them to become the arms and legs of the government in terms of migrant worker management.

As overseas recruitment becomes more difficult, government regulations tighten, and Western brands implement zero-intermediary fee reforms, the segmentation within Taiwan’s manpower agencies have become increasingly pronounced. The electronics industry is served by the a few large manpower agencies, which bringing in over 2,000 migrant workers annually and simultaneously managing more than 20,000 workers, nearly 80% of whom come from the Philippines. On the other hand, the SMEs typically

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<sup>23</sup> Prothero, Mansell. 1990. “Labor Recruiting Organizations in the Developing World.” *International Migration Review* 24: 221–28.

<sup>24</sup> Rent-seeking refers to the actions of individuals or groups who lobby the government to monopolize social resources and gain additional profits. Common rent-seeking situations include government-issued operating concessions or quota controls for certain industries. In Taiwan’s migrant labor system, the government regulates the labor intermediary industry as a licensed sector, requiring agencies to hold a license to recruit migrant workers. Additionally, through quota controls, the government determines the number of quotas available to employers and restricts which industries can receive quotas. In this heavily state-intervened market, quotas become highly valuable commodities. Many employers and intermediaries go so far as to use political networks to obtain higher quotas, which they then resell to overseas intermediaries or migrant workers.

<sup>25</sup> Wang Hongren, Bai Langjie, 2007, “*Migrant Workers, Transnational Intermediaries, and Institutional Design: Who Profits from the Taiwan-Vietnam International Labor Flow?*”, *Taiwan Social Research Quarterly*, 65: 35-66.

<sup>26</sup> Tseng YF and Wang HZ (2011) Governance migrant workers at a distance: managing the temporary status of guest workers in Taiwan. *International Migration* 51(4) □ 1-19.



rely on smaller agencies. These businesses are often in the 3D industries and lack the capital to improve labor conditions, heavily relying on cheap labor from Vietnam.

In this cross-border migrant labor supply chain, the Taiwanese agencies are connected with another group of small manpower agencies in Vietnam. Walking along the famous labor street in Vietnam, I noticed that the intermediary companies specializing in sending workers to Taiwan are quite different from those that target other countries. Unlike the agencies focused on the Japanese and Korean markets, which are housed in bright, standalone buildings, these companies are mostly small operations without prominent signage. Their offices are often hidden in apartments or residential homes.

The Vietnamese government enforces strict regulations on the licensing of manpower agencies. It only allows state-owned agencies, which are established by certain government departments, and a few large enterprises to apply for licenses. By 2022, there were only around 500 licensed intermediary companies across Vietnam<sup>27</sup>. However, in practice, these licensed companies are merely nominal operators, leasing their licenses to an innumerable number of private intermediary firms.

During my interviews in Vietnam, whenever I heard agencies express their longing for the Japanese market, I often worried that Taiwan might face difficulties in recruiting migrant workers in the future. But the broker named A-Yi reassured me not to worry too much. “You say they want to go to Japan, Korea, Germany — those markets are difficult. The workers need to have licenses and qualified working experience, and the technical requirements in those markets are also higher.”

“So, Taiwan is market easier to access for you guys?” I asked.

“Yeah, you can say that. As long as they’re farmers, they can come and work. No need to look at their education level. Some factories also accept a high school diploma,” A-Yi replied.

If migrant workers want to go to Japan or Korea, they must first study the language for at least six months and pass a language exam. These requirements can be intimidating for young Vietnamese workers with little education, especially those who are entering a foreign country for the first time to work. In contrast, Taiwan has very low

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<sup>27</sup> Press release from the Ministry of Labor, Invalids and Social Affairs of Vietnam, <http://english.molisa.gov.vn/Pages/News/Detail.aspx?tintucID=224969>, accessed on March 31, 2022.

requirements for migrant workers<sup>28</sup>, and the hiring process is fast. For small Vietnamese intermediaries eager to quickly turn workers into capital, Taiwan remains an ideal work place.

The manpower agencies operating between Taiwan and Vietnam are mostly small companies, especially Taiwanese agencies. It is difficult for them to achieve economies of scale simply by increasing the number of migrant workers they bring in, so they are more likely to request kickbacks from overseas agencies. To recover these kickbacks, manpower agencies, Taiwanese businesses, and loan companies have devised a clever scheme. Loan companies play a key role in this process; they lend money to migrant workers to cover their agency fees. These companies are typically funded by Taiwanese investors and are sometimes even set up by Taiwanese agencies, with Vietnamese individuals listed as front names to disguise them as local firms. Once the Vietnamese workers arrive in Taiwan, they are required to repay the loans in installments, often with interest rates exceeding 30% per year.

According to Taiwan's Employment Service Act, Taiwanese intermediaries are only allowed to charge employers a registration fee and collect a service fee of NT\$1,500 to NT\$1,800 per month from foreign migrant workers. Any other charges are illegal and considered overcharging. When Taiwanese intermediaries are asked about this illegal income from overseas, most deny it, but some do not hide it. "Think of it like a typical supply chain procurement. Suppliers always give kickbacks to purchasers—it's the same concept," said one intermediary, who wished to remain anonymous.

In this transnational migrant labor supply chain, what is being traded is labor, and to many agencies, it's no different from trading socks or electronic components. However, workers are not mass-produced products in a factory. As the willingness of Vietnamese workers to come to Taiwan decreases, both Taiwanese and Vietnamese agencies have to put in more effort to lure workers to Taiwan.

Since the jobs offered by Taiwanese intermediaries are mostly "dirty, dangerous, and difficult" 3D jobs, it has become increasingly hard to find workers willing to take them. As a result, intermediary companies are forced to disclose more job details, and

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<sup>28</sup> According to field research and online surveys conducted by 1095 Studio, the Vietnamese government requires migrant workers to undergo 148 hours (about one month) of training before working abroad. However, in practice, if Taiwanese employers urgently need workers, the training period is often significantly shortened. From a sample of 33 questionnaires completed by Vietnamese migrant workers in Taiwan, it was found that one worker had no training at all, eight had training for less than 14 days, nine had training between 14 days and one month, and twelve had training for more than one month. <https://www.thenewslens.com/featu re/1095migrantworkers/132014>

overtime hours gradually become a key indicator of how good a job is. Some migrant workers are even willing to pay more for overtime opportunities. As a consequence, inflating overtime hours has become a common form of fraud in job listings. A-Ying told me, “There are many fake job contracts circulating online, with fake overtime hours and job descriptions.” This industry preys on the desperate desire of the poor to escape poverty, first luring the workers in and then exploiting them.

During my visit to Hanoi, I interviewed six Vietnamese brokers and three individuals who were selling job opportunities online. Many of them showed me pay slips as evidence. One pay slip, for example, listed a staggering 160 hours of overtime in a single month, with a total salary of 52,000 Vietnamese dong. This was an unusually high figure, but the brokers’ sales pitch turned extreme cases into the norm. They multiplied the salary by twelve (for the whole year) and told the workers that they could earn NT\$600,000 in Taiwan in a year, making it seem worthwhile even if the agency fee was as high as \$7,000.

Despite regulations on agency fees by both the Taiwanese and Vietnamese governments, the large number of agencies manipulating information allows the gray area to persist, rendering all regulatory measures ineffective. When human rights groups question Taiwan’s high agency fees, the Ministry of Labor often responds like an innocent bystander. “We have suggested that the sending country charge one month’s salary, but the agency fees are collected in Vietnam, and it’s difficult for us to intervene,” said Xue.

There is no doubt that Taiwan’s manufacturing industry needs migrant workers, but what other factors does Taiwan offer to attract them? When asked this question, many Taiwanese intermediaries looked somewhat uncomfortable. “Human rights are the highlights,” Hu Zhong-yu said after a pause. “We now tell foreign agencies to reassure workers and encourage them to come to Taiwan. Taiwan is now focused on the human rights of migrant workers.”

Let’s shift the scenes back to Hanoi, Vietnam, inside a dormitory at a Japanese language school. The room is packed with over thirty young men and women, most of them appearing to be just 18 or 19 years old. In their eyes shines a longing for Japan. The only person who speaks Chinese is the dormitory manager, A-Wan, who had worked in Taiwan for three years. “No one here wants to go to Taiwan anymore,” he said awkwardly. “I don’t want to go back either. I’m working and saving money. Once I have enough money, I’ll go to Japan as well.”

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