

Asia-Pacific Updates

RELOC8 - A Regional Relocation Resource



Welcome

Welcome to the March 2007 Newsletter from Reloc8 Asia Pacific Group.

Reloc8 Asia Pacific is a Regional Relocation Resource –and a joint venture between leading owner-managed relocation services organizations in the region.

Recent trends In Expatriate Assignments in the Asia Pacific

- Continuing competitive cost pressures
- Increase in the available pool of skilled staff with “western” business skills and “Asian” cultural skills
- A change in perception of international transferees from “royalty” to “routine”
- The continuing global competition for talent

How are these trends impacting the terms on which international assignments are taking place, and what effect is this having on international assignment costs?

Market Commentary:

Reloc8 Asia Pacific partners are at the “coalface” operating in the markets that are experiencing profound change in the way international assignments are occurring. In this issue we take a look at the impressions from the “coalface” of the trends in 10 countries, and there are marked similarities – as well as fascinating differences.

Detailed market analysis:

The report from Reloc8 Asia Pacific’s 2006 survey of the “**Trends in International Assignments in the Asia Pacific**”, including financial modelling input from ORC Worldwide, is now available. If your organization would like to know more please contact me at nick.woodhams@reloc8asia.com or info@reloc8asia.com

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- *Leisure activities in Australia*
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- *Interview with an Expat : Korea*

Services available from the partners of Reloc8 Asia Pacific

Practical help with getting the transferee started and the family settled; visas and work permits; temporary and long-term housing; how and where to get things done – just a few of the ways we can help.

For a description of services and contact details please visit our website at www.reloc8asia.com or contact us at info@reloc8asia.com

Nick Woodhams

President Reloc8 Asia Pacific Group

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Trends in International Assignments in the Asia Pacific

Contact Reloc8 for more information info@reloc8asia.com.

Recent Trends in Expatriate Assignments

Australia

Over recent years there has been a strong trend away from having expats fill senior management roles in Australian subsidiaries of multi-nationals. This is primarily driven by cost factors, and a feeling that in the very competitive Australian marketplace the very high cost of an expatriate is not matched by additional benefits compared with local managers. In addition, Australia is a sought after destination for lifestyle reasons, meaning that many organizations really don't need to provide incentives for people to come. The two main results of this are:

- a. Locally hired senior management
- b. International hiring on "local terms / lopat terms"

"Local terms / lopat terms" vary considerably. In some case it is no more and no less than the equivalent remuneration package of an Australian performing the same role. More common is probably some recognition that the international hire has additional costs that need to be reimbursed [e.g. household goods, travel] as well as an unfamiliarity with Australia that requires some start-up help with finding housing, schools and how & where to get things done. Even so, the trend is towards less help. There are tax breaks for temporary residents under the "living away from home" allowance – this effectively can mean that employees can receive a rent subsidy as a "salary sacrifice". In this way their gross remuneration is reduced by the rental subsidy, before calculating income tax deductions. This in effect can give an employee a higher net remuneration than a local – a fact not missed by peer group employees!

"Localization" means the conversion from expatriate terms to something much closer

to local, after an employee has been in the country for some years. It is very common for people to come on a temporary visa, and sometime before the end of the visa term decide that they want to stay permanently in Australia. As many of these "localizations" are employee-initiated organizations are in a stronger position to move the employee to a package close to a local equivalent. One of the consequences is that the "living away from home" allowance is no longer available.

Currently the trend in Australia is leaning more towards short-term assignments (less than 12 months) and project-related appointments (e.g. IT, systems, engineering). Many of these require skills to be mobile. There is a tension between trying to reduce employment costs, while at the same time attracting skilled staff at a time of worldwide skills shortages. Australia has benefited greatly from the expansion of the Chinese and (to a lesser extent) Indian economies. Australia is rich in natural resources e.g. iron ore, copper, zinc, nickel. Demand for raw materials has led to capacity constraints as Australian employers cannot find enough skilled employees. There is almost no scope in these industries to look to reduce employment costs. The resources "boom" has been felt in Western Australia and Queensland, while the mature economies of New South Wales and Victoria have lagged. In non-resource industries there has been greater scope to restrain employment costs. In dealing with the pressure to reduce HR headcount, Human Resource departments are frequently looked upon as a cost rather than contributing to the profitability of organizations. As a result their budgets are often limited, and increasingly HR are outsourcing processes in order to perform their functions.



China

There is a trend developing in China: more and more companies are limiting the benefits they will provide to foreign staff working in China. What is driving this trend, and is it even a good idea? This article attempts to examine the current situation in China, and look at some of the reasons behind it.

Actually, the overall trends in relocation in China are seeing several competing factors influencing corporate recruiting and relocation policies. Factors such as a highly limited talent pool for middle management, the perceived

Country Summary - Singapore

Singapore is a global city where talent gathers to share innovative ideas, start new businesses, and engage in exciting career opportunities. Singapore is a nation built by immigrants and it still welcomes all who are keen to play a part in its exciting economic development.

From a backwater island to a dynamic city state, Singapore has come to its own from being an entry port of the British Empire to the busiest port in the world. It is ranked 3rd for the ease of doing business in Asia (World Bank report "Doing Business 2005") and 1st for being the least bureaucratic place for doing business in Asia.

Among other valuable resources, Singapore offers a highly-skilled workforce, favorable tax regime and test bedding opportunities, so as to provide the most conducive environment for MNCs to site their headquarters here to manage their regional, and often global, operations. To facilitate this, Singapore is the world's third most wired nation and Asia's most wired. Close to 99% of the population, or almost every home, school and business has access to broadband Internet.

Stepping into the 21st century, the Singapore government actively discussed the need for "foreign talent" to boost the skills and experience required for its expanding economy (and the low birth rates despite years of public campaigns). This was a bold move as it had only been a few years since the Asian financial crisis began in 1997, which saw many Singaporeans losing, or in fear of losing, their jobs.

The skills that are most welcome, and the key growth industries where opportunities are available, are in:

Country Summary - Singapore (continued...)

- Banking & Finance
- Biomedical Sciences
- Chemicals
- Communications & Media
- Electronics & Precision Engineering
- Healthcare
- Info-Communications Technology

Of course, it cannot be all work and no play. Singapore was ranked by EIU in 2005 as the 11th best city to live in the world. It has a bustling arts scene. The world's leading performers and arts companies now regard the city as a must-stop on their Asia Pacific tours. Its passion for good food and entertainment round the clock has long been known, and options are constantly being updated and expanded to satisfy increasingly sophisticated appetites. The city was even ranked second – behind Italy – in the world in a recent global survey for the quality of its nightlife and dining.

Despite its modern façade, and the oft perception of being 'Western' relative to its neighbors, Singapore is Asian at its core – with its multi-racial and multi-cultural population living cohesively. Its people are as much entrenched in family values and traditions, as they are in modernity. A high quality of family life is enjoyed by expatriates, with a safe, clean and green environment offering wholesome family fun. Travel and get-always are also so easy from Singapore due to its accessibility, especially via the well-connected and efficient airport, making it the perfect gateway to explore the region and beyond.

Recent Trends in Expatriate Assignments (continued)



value of relocating ethnic Chinese, the cost control of relocating Indians, and the increase of smaller companies starting operations in China all play a significant role.

Recently, more and more companies are pushing to enter the China market, yet there has not been an effective increase in the Chinese talent pool. While labor is plentiful in China,

skilled and experienced management is not. This presents a challenge to foreign businesses in China, and often requires placement of much more junior staff than is normally associated with international programs. And often the only way to make this work is to create lopat programs.

In the past, China has been one of the leading "hardship" postings...a place where employees on full expatriate packages had luxury homes and cars with drivers. While this is still often the case, many companies that have been doing business in China are starting to realize that they can also fill their needs another way...taking young talent and offering them career opportunities instead of fat monetary enticements.

These young and eager employees are more willing to accept lower packages in exchange for the opportunity to put China on their resume and, for some, the adventure of life in a foreign land. They are open to the experience of China, and are often actively seeking these types of positions. As there is less of a need to "incentify" in the traditional sense, these employees are sent with "as if at home" packages...they often get nothing but some limited moving and a destination orientation. They pay for their own housing, and cover their dailies. And they are not upset at all...these are mid-level or even junior employees who see the boost this can give to their career as sufficient benefit.

Why is this happening? Cost control is definitely the biggest factor. The cost savings of these types of assignments can be considerable. Two of the highest cost areas for relocating to China can be housing and schooling. With housing budgets being an average of roughly US\$5000-7000 per month, and school fees of about US\$16,000/child per annum, when these are removed from a package, companies can save over US\$100,000/year per assignee. This kind of savings can make the bottom line look much healthier.

Another trend is in reaction to the cultural challenge. Some companies are creating a policy to give preferential placement to ethnic Chinese. These can be regional relocations from Taiwan, Hong Kong and Singapore, or Americans or Europeans of Chinese descent, or even returnee Chinese nationals. While the cultural challenges may not always be alleviated with the use of these latter types of relocatees, there is a potential advantage of costs as this pool of people may be more able to adapt to a lopat package. The challenge here is that the perception is often not the reality...many ethnic Chinese fare no better, or even worse, than their more Anglo counterparts. And it is no guarantee that speaking the language and knowing some of the culture translates into accepting less from a package.

Another type of regional relocation, currently mainly impacting the high-tech industry, is the relocation of Indians to China. While not having the cultural and language advantage of the ethnic Chinese, Indians tend to be given lower benefits than some other "western" expats... have high technical skills and are also seen as a good potential lopat pool. However, there are certain increased cultural challenges associated with Indians, and this could cause poor integration with the local staff, thus decreasing any saving returns by eliminating some of the benefits of using foreign staff.

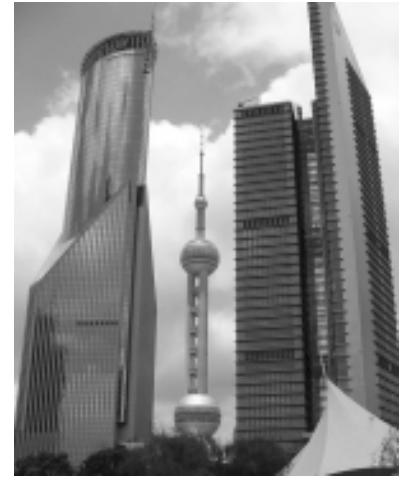
Still, the increased trend towards lopats could be good news to the smaller companies moving into the China market. These companies may not have the sizable budget of the larger MNCs, and the only method for them to get the talent they need is to use lopat options. Unfortunately, the pool of adequately skilled lopats is also limited and as demands for skilled

Recent Trends in Expatriate Assignments (continued)

lopats increases there may also be pressures for them to receive higher benefits.

Given all these factors, will the lopat trend continue? Yes, and No. While mature businesses may continue to utilize this pool of talent to further establish their business, for the new-comers to the market, they will need first and foremost to attract top management people to get the operation up and running. And while the challenge and opportunity enticement works for the more junior staff, experienced executives will need bigger incentives to get them to relocate, especially to 2nd and 3rd Tier cities. And these enticements, whether they be salary or other relocation benefits, will cost the company big bucks.

The question, then, is should you go lopat or expat? In the end, each company will have to decide which policy best suits their business model. Some companies will see that the ROI on the bigger expat packages makes them worthwhile, while others will cut costs and "localize". Of course, the reality is that many may find that it is some type of hybrid solution that works best. Some key positions will remain expats, while more of the mid-management may begin to shift to lopat.



India

In India, we have seen a huge increase in the numbers of expat assignments over the past fifteen years. This trend shows no sign of slowing down. What is behind all this?

It all stems back to the economic liberalization of India in 1992. Since then, there has been a huge inflow of investment into India. This investment has come from a very wide cross section of foreign business.

It all started with the ITES (Information Technology Enables Services) companies setting up their call centers, back office processes and knowledge process outsourcing in India. These had earlier been outsourced to local providers but with the success of such initiatives large entities in the banking, airlines and computer services sectors set up their own units in-country. Since then with an increase in processes there has been an increase in the expatriate work force as well. Most such units were initially set up in larger cities (1st Tier) like Mumbai (for banking operations), Delhi (for financial services, computer services, telecom and call centers), Bangalore (software services, news bureaus and technology) and Chennai (software services, automotive components etc). As the costs of operations continued to rise in these Tier 1 locations with and real estate costs peaking, the attention is now shifting to Tier 2 locations like Pune, Calcutta, Hyderabad and even Tier 3 locations such as Chandigarh, Cochin, Jaipur, Nagpur etc.

After the ITES wave came the technology wave - In the telecom and technology sectors - research and analysis saw a movement into India and the past five years has seen the Who's Who of the technology sector setting up their R&D's here. The stage is now set for manufacturing with automobiles, components, mobile phones etc being manufactured in India. The next coming stage is expected to see wafer plants and chip manufacturing and all such high end manufacturing to arrive in India. All this is happening due to the on going and ever expanding liberalization process, easing of the red tape, availability of skilled, educated and hard working manpower.

Recent research has indicated that expat volumes into India will continue to rise. Since 2002, we have seen an influx of expats and an even higher influx of local hires. The year 2007 may see a reduction in the local hire programs, but movements into India will be higher than in 2006. Even with real estate costs peaking, we anticipate that Mumbai will continue to attract expatriate assignees, as it continues to be the economic capital of India and most international banks have centers here. We expect that the expat population in India will continue to rise across the country in 1st, 2nd and 3rd Tier cities.

Research has also revealed that most expatriates coming into India with families are continuing to face settling-in challenges. Coming to terms with Indian culture, especially where communication and time challenges exist has not been easy for most expatriates both in their work and in their daily life. Traffic snarls and congestion are a way of life and one needs to get used to these. The rising cost of living (sometimes changing as rapidly as every quarter) has not helped put smiles on expat faces and neither has this scenario pleased HR who has to constantly struggle with changing realities and ever increasing policy exceptions. International schools are running chock a block and last year the American school in New Delhi reported a waiting list for the first time since it was set up fifty years earlier.

Strange But True Facts about India

- ◆ India has a Bill of Rights for cows.
- ◆ There are 18 main languages spoken in India and more than a thousand dialects
- ◆ India has a population of more than a Billion – more than 15 % of the worlds population lives in India
- ◆ 70 % of India lives in Villages
- ◆ The number system and the number zero was invented in India along with the decimal system
- ◆ Chess was invented in India
- ◆ 12% scientists in USA are Indians. 36% of NASA scientists are Indians.
- ◆ The mobile users of India grow every month with about 2.5 million users!



Recent Trends (contd)

Short term assignees have also started to face difficulties as hotel costs have risen to an all time high yet finding a hotel room can still be a challenge. Serviced apartments are few and far between. The housing market is choc a block and it is fast

becoming a landlord's market. The stand is take it or leave it on an as is where is basis.

From the employee relocation perspective, there have been some interesting trends. More localisation of positions and foreigners on local hire packages, more people of Indian origin being inducted into

India. Large corporations looking at India as a strategic base and thus moving larger volumes of expatriate employees. All these factors and more are resulting in a dynamic real estate market with costs spiraling upwards, not just in the large metros but also in the new second tier cities.

Japan



An estimated three-fourths of all expatriate assignments in Japan take place in the Tokyo/Yokohama area. Nagoya and Osaka represent a majority of the remaining portion with a smattering of assignments in smaller cities throughout the archipelago. There is a constant effort by most multinational corporations in Japan to reduce the number of high-cost expats and replace them with local Japanese employees. On the other hand, there appears to be an equally constant need for the expertise and/or ground-breaking initiative that only a home country employee can bring to the development of a new product or business opportunity in this economically vibrant – but very expensive country.

And since most assignments take place in Tokyo, by this fact alone, the costs remain very high. Purchasing housing, for example, is simply not a feasible option. The cost of real estate in central Tokyo residential neighborhoods is astronomical. So the vast majority of expats rent, with prices ranging from US\$5,000 to 20,000 or more per month for typical western style accommodation. Add to this the cost of international schools, the generally high cost of all goods and services – compared at least to North America, and other perks such as cars and club memberships, and the costs of an assignment become foreboding. Moreover, this leads to a two tier level of employee - those with and those without expatriate benefits. The former live, by the standards of the latter, an extraordinarily rich lifestyle.

Perhaps as many as half of all expat assignments in Tokyo are related to the financial industry – banks, securities companies, insurance, hedgefunds, and the like. Turnover in these areas in particular tends to be high. While there are few actual statistics, the average term of an assignment seems to be only 2 or 3 years. However this number changes dramatically for those who can speak and operate in Japanese. In other business sectors –

manufacturing, retail/service, etc, assignments appear to be longer, though the number of expats in any particular company tends to be quite few. Manufacturing companies with hundreds of employees may only have one expat, often the president. This is not the case in the financial industry.

In general, Tokyo remains a hodgepodge of benefit packages depending mainly on what it will take the employee to take the job and make the move. There is a large number of locally hired foreigners without special benefits who basically operate on the same premises as Japanese employees and who look just as enviously at the full expat package as anybody else, and also have a little chance of obtaining a full expat package as anybody else.



New Zealand

Expats in New Zealand come mainly from Europe, South Africa & the United States. Due to high skill shortages in New Zealand and the relatively few multi-national companies located in New Zealand when compared with other countries, multi-national companies are more likely to import permanent staff. Multi-nationals provide immigration, relocation and settling-in assistance to their incoming expatriate staff. There is a growing hesitation in employing Asian, Moslem and Russian persons – due to issues faced with integration into New Zealand.

Local New Zealand companies prefer to hire locally within New Zealand, because of the expense involved in bringing employees and

their families into the country. However, the increasing skill shortages in many industries, both within local and international companies mean that expatriates are currently being recruited into New Zealand to work in New Zealand companies. This creates a continuing need for companies to look off shore and recruit from the international market place.

Local New Zealand companies prefer to recruit permanent staff, totally on local terms. It is mainly the large corporations, multi nationals or international companies who provide employees with expatriate allowances. Companies in New Zealand will provide a certain level of benefits and

allowances to returning New Zealanders to attract them back into the country, in order to gain the expertise and skills these “kiwis” have developed whilst working overseas.

We find that in terms of expatriate packages versus localization or “lopat” terms, companies have differing philosophies on how they approach these issues and the policies they adopt. Whichever approach a company uses, it is important for them to base their decision on factual cost of living data, with sound guidance on the best practice for their particular organization. Mistakes can be extremely costly, time consuming and often awkward to resolve.

Leisure in Australia

The climate here lends itself to an outdoor lifestyle for much of the year.

RECREATION

The main cities are close to the coast, and hence water activities such as beaches, sailing, and fishing are popular.

Sports participation is common, and there are unlimited opportunities for children and adults to find something that suits them. Popular sports include golf, tennis, swimming, rowing and canoeing, and bushwalking.

ENTERTAINMENT AND THE ARTS

Sydney is a world class city with a variety of entertainment including pubs, clubs, casino, theatres, ballet and opera. The Metro section of Friday's 'Sydney Morning Herald' newspaper offers a complete guide to everything that is on in Sydney. There are also excellent galleries, museums and theatres to enjoy. www.citysearch.com.au is an excellent website with information about what's on and where to go in Sydney.

EATING OUT

Melbourne's restaurants are world class and the variety of cuisine on offer is one expression of the cosmopolitan nature of Melbourne living. Certain areas are renowned for their particular ethnic cuisine, including the following:

Brunswick Street, Fitzroy: Spanish, Indian, Thai, Malaysian

Chinatown, City: Mainly Chinese but also other Asian cuisine

Fitzroy & Acland Street, St Kilda: Lygon Street, Carlton: Mostly Italian restaurants as well as cafes and gelaterie

Sydney Road, Brunswick: Features Turkish and Middle Eastern cuisine

Toorak Road & Chapel Street, South Yarra: Up-market area with mainly Mediterranean influenced Australian cuisine

Victoria Street, Richmond: Predominantly Vietnamese cuisine with some Chinese

Tipping is not obligatory but a 10% tip is customary for good service.

Korea

While Expatriate packages are still more common in Korea than lopat packages, there has been a trend over the past five years for foreign companies (and Korean companies which employ foreigners) to cut costs. They have been doing this by reducing housing budgets, increasing the number of short-term assignments and by increasingly looking at lopat solutions or even localized expats.

While the majority of foreign companies in Korea still hire expatriates on expat packages, there has been a trend among engineering, on-line shopping, securities and finance companies to hire lopats or to localize expats.

Reductions in Housing budgets have made things quite difficult for expatriates, since prices for free-standing houses have increased in recent years, making it more difficult for expatriates to find good housing within their reduced budgets. (Rents for most categories of apartments have, however, remained fairly firm.)

Apart from some reductions in housing allowances, many foreign companies are now also insisting that utilities be paid for from the housing allowance. This has led to many struggles with landlords, who have been used to generous rentals in the past and are reluctant to have to cover unpredictable utility charges within the rent.

Our prediction for Korea is that while most companies will retain the full expat packages, we can expect to see a number of companies continuing to hire lopats over the next several years.



Expat performing on stage during a local event

Singapore

Over the last two years, Asian Welcome has seen an increase in the type of programs we usually provide to assignees on full expatriate benefits, covering the whole scope of services from orientation, home finding, school search assistance, cross-cultural training, etc. This may be one of the indicators that companies bringing new expatriates to Singapore are offering full expat terms. This is a welcome change from previous years, particularly the period between 2000 to 2004, when destination service providers were asked to trim the programs of assistance because of the slimmer packages offered to assignees relocating to Singapore.

Another indicator that expat conditions are not being reduced in Singapore is that many leases are company leases now and not personal leases, as more commonly seen a few years ago. This could not have happened at a better time because of the recent surge in rental costs, with some rents increasing by as much as 20% to 35% - making it into what we term as landlord's market where landlords are more selective and prefer company leases over personal.

Another major cost for the expatriate is schooling as fees for all international schools in Singapore are very expensive. And getting expatriate children enrolled in local schools can be a real challenge in many respects. For instance, the school year starts in January, and enrolment for school usually takes place at least three months beforehand. Places for foreign students are also very limited for the more prestigious schools, and many requirements have to be fulfilled before the child can be considered for registration.

Expatriates who are converted to local packages may experience a difficult time ahead if there is a need to downgrade to lower rental properties. These expatriates may need to explore other property types and outside the more popular neighborhoods. Even these secondary areas are seeing an increase in rents but maybe not at the same pace as the popular neighborhoods.

Life as an Expat in Korea

Aliza, a trailing spouse who is from Australia was relocated to Korea 8 months ago with her Swedish husband, working for Scania.

Reloc8: What was your first impression of Korea?

Aliza: My first impression was that I noticed the difference between living in Europe & Asia were going to be enormous. The language, culture and mentality to understand would be a challenge. However, my first feelings were positive.

Reloc8: Did you experience any culture shock?

Aliza: No real culture shock, a few minor things but nothing really important.

Reloc8: What do you enjoy most in Korea?

Aliza: Being in Asia!!! The people seem friendly & the opportunity to learn a new culture & language. The food is also wonderful! We love our flat and where we live!

Reloc8: What do you miss the most?

Aliza: Perhaps being able to express myself and being understood in all situations, especially from a medical point of view as I do not believe that one should only use the international clinics- there are excellent Korean hospitals however to always be understood in these hospitals is not always easy.

Reloc8: Were you satisfied with the kind of housing options that were available?

Aliza: Extremely satisfied with the housing options!!

Reloc8: Did you have enough information available prior to your move? Did this information match the reality?

Aliza: Yes, there is always enough information when you make the effort to look for it. And yes, I think it matched the reality of living here.

Reloc8: Are you a member of any expat community organization? If yes, has it made your living in Korea easier?

Aliza: I am in SIWA, SWEA (the Swedish club), as well as the German club. It has not made a great deal of difference although I have met a few lovely people and done a couple of interesting things. However generally, I do not have much to do with the clubs and rarely go to a coffee morning.

Reloc8: Any advice for future expatriates coming to Korea?

Aliza: To always be open minded, positive and understanding that sometimes life

Recent Trends in Expatriate Assignments (continued)

The programs we are usually asked to provide to assignees not on full expatriate benefits have also increased, but this could be due to a company's decision to rehub the entire department. The reaction of assignees whose benefits are reduced is either to relocate to Singapore and stay with the company or look for new employment.

In recent times, we have seen a great deal of growth in industries such as biomedical sciences, banking and finance, communications and media, info-communications technology, electronics and precision engineering. These industries usually require highly skilled, highly educated global talent and needless to say, those hired to relocate to Singapore to work in those industries will not consider anything less than full expatriate packages.

Malaysia

Close to a decade ago, the numbers of expats assigned to Malaysia showed a sharp upward trend as hi-tech companies began to set up operations here. The upward trend was followed by an equally rapid downturn after September 11, 2001 but in the past two years the numbers have begun to rise again. And, many of them are Lopats. Our prediction is that this trend will continue, simply because of cost.



Expats attending Christmas Party

That is not to say that the "pure" Expats will disappear. They are still needed, as companies will always have the need to bring in individuals with specialized skills – but their numbers are likely to progressively decline.

Malaysia has been offering substantial incentives to companies who will invest in Malaysia – for example: Bio-technology and IT businesses seem to have had some special privileges from some of the States in Malaysia.

Lopats:

The latest trend we can observe here in Malaysia is the rise of relatively young lopats coming straight out of Universities from India, China and even Western countries. They are handled very differently from the Old Types of Expats, - or shall we say barely handled at all. The assistance they receive from a relocation company might only consist of a few phone calls after a house agent is allocated to them. No real relocation/settling in service. Their salaries are closer to a local package with very few perks. They do not get any assistance in orientation or in house hunting. Most of them relocate temporarily as a step up the ladder in to a multi-national company. The companies see them as a positive input, getting fresh ideas from the outside world, but at a low cost.

Localized:

These assignees are mostly middle aged and are relocating for a short period of time, awaiting retirement. Their children are grown up and already educated, hence no need to have schools paid, nor large houses. They may want to stay on and retire in Malaysia.

Medium pats:

Only a few would come under this term. They usually include people who have been expats for a long time and agree to have a "smaller" pay and perks package in order to be able to stay expats for longer. Nevertheless, they do receive more allowances and support than the Lopats.

Pure expats:

This term covers expats who will have a very comprehensive salary and allowances package. Most of them are relocating to Malaysia with their whole family for only 2 to 3 years. They get the full relocation package, house hunting, orientation, schooling and generally extensive assistance in all aspects of their move.

Life as an Expat in Korea (continued)

might be a bit difficult but to look at those moments as an interesting challenge to be overcome and appreciated.

Reloc8: Does an expatriate living in Korea need to speak Korean to get around?

Aliza: It is not necessary. However, it makes life easier and more enjoyable to be able to speak a little Korean as it helps you feel more part of life and deepens your understanding for the people and why and how they think. It is also fun to try to speak Korean, even if you make mistakes. It always is an opening to laugh with the Koreans!! Most of them have a good sense of humor.

Reloc8: Besides working, what else is there to do in Korea?

Aliza: There is a great deal to do! First thing is to learn the language, then go out and discover the new culture. Food shopping while time consuming, is a wonderful experience, other available things to do are: taking walks, visiting temples, museums, spas, different areas of Seoul to discover (such as the old town, the university areas & the markets) and of course shopping! Nightlife for the young people is in abundance & there are some interesting night spots for the older generation too. There are also different parts of Korea available for hiking if you are fit!

The Philippines

In the past few years, Philippines has experienced an increase in the number of expatriates assigned to work in call centers, business process outsourcing (bpo) and information technology industries. There has also been a steady increase in expatriate assignments in the manufacturing and logistics industries. This increase in expat assignments is in part in response to measures taken by the Philippine Government to attract foreign investment into the country, including tax exemptions and also the development of industrial and technological parks.

Most expatriates assigned to the Philippines on expatriate packages tend to work in managerial positions, whereas lopats tend to occupy technical positions.

While it is not possible to say that there is an overall trend away from expat packages towards lopats, but the growing hi-tech and business process outsourcing businesses do appear to be hiring more expats on lopat terms. Many of these lopats come from China, India and other parts of South east Asia.

One sign of cost cutting among foreign companies is that there seems to have been an increase in the number of single expatriates or expatriates who have come on split assignments, leaving their families in their home countries. While these expats may not be on lopat terms, they cost their companies less. Housing costs are lower and there is no need for schooling costs. We cannot argue conclusively that this increase in "single" assignments is part of a deliberate policy among MNCs, since the growth areas of call centers and bpo industries tend to attract young single people who tend to be younger than the usual expat.

While budgets for single assignees will be lower, there is ample good quality accommodation available for them in condominium units and apartments. There are also a number of modern housing units under development now in Metro Manila which will broaden the good quality choices available.

Cases of foreign companies hiring returnees are very rare in the Philippines as the trend among Filipinos is to travel abroad to work.

Taiwan



Massive Railway Transportation. Their recent accomplishment is the high speed railway system that goes across the whole island.

While the total number of white collar expatriates has remained fairly static over the past two years, we have observed that more and more ethnic Chinese are being relocated to Taiwan

They tend to be Taiwanese returnees or from mainland China, Hong Kong or from the USA. Many of them speak fluent English and Mandarin. Their assignments tend to be about 2 years in length. A small number of Singaporean assignees are also coming to Taiwan, but their assignments tend to be only for 6 months to less than one year.

One possible explanation for the lack of growth in the numbers of white-collar expatriates may be that many outgoing expatriates are now being replaced by a Taiwanese National, often a promoted senior manager or by a locally-hired expatriate.

This trend towards localization and increasing employment of ethnic Chinese (on lopat packages) into expatriate positions reflect efforts to cut costs by MNCs in Taiwan. We have also observed some reduction in housing budgets and other allowances for expatriate assignments.

There has also been a shift in location of the expatriate population. Fast-growing investment in three major science parks (Hsinchu, Tainan and Taichung) has meant that many expats are now relocated to central and southern Taiwan rather than just Taipei.

In general, even though many industries are moving to Mainland China as a result of low labor costs and higher levels of productivity, Taiwan still receives a "1A" rating as a country with a very low domestic political risk, highly suitable for foreign investment. One of our predictions is that the cross-strait situation will ease, and Taiwan's political risk will decrease in the next 10 years and the business environment will further improve.