

# Executive Summary

The socioeconomic impacts of Mainland Chinese immigration to Hong Kong have long been a subject of public concern. While the admission of immigrants can serve various social and economic objectives, it may also fuel social tensions. As Hong Kong and Mainland China deepen their socioeconomic integration, friction between Mainland immigrants and local residents has intensified.

Globally, anti-immigrant sentiment has been on the rise, and in some countries immigration policies have even become a dominant issue in electoral politics. Anti-immigration sentiments are not necessarily grounded in rational discourse. Some cross-country studies indicate that the general public often harbours significant misconceptions about immigrants' circumstances and characteristics.

Hong Kong and the Mainland have long maintained close social and economic ties, with Mainland migrants constituting a significant proportion of the city's total population. The overall demographic structure encompasses a large number of Mainland immigrants who migrated to Hong Kong during different eras, as well as their descendants. For a long time, a large number of cross-boundary marriages has generated substantial demand for migration to Hong Kong on the grounds of family reunification. The authorities have addressed this through the quota-based One-way Permit (OWP) scheme. After Hong Kong's return to China in 1997, the migration of Mainland residents to Hong Kong has been governed under the framework of "One Country, Two Systems", rendering it distinctive from both transnational migration arrangements and typical internal migration within a single country.

What policies Hong Kong should adopt to administer Mainland immigration is an important issue warranting in-depth examination. A rigorous examination of this issue requires substantial foundational research. This report seeks to broaden and deepen discussions on new Mainland immigrants in Hong Kong through three approaches: literature review, international comparison, and data analysis.

## Chapter 1: Literature Review

Chapter 1 provides a concise review of relevant literature. We examine research on the positive and negative socioeconomic impacts of immigration on society and the economy, noting that discussions in Hong Kong have largely focused on the short-term burden on the welfare system, without expanding the perspective to comprehensively assess the socioeconomic implications of immigration.

The literature review offers multiple insights.

1. First, from a macro perspective, immigration plays an indispensable role in shaping demographic structures and facilitating economic transformation. These overall benefits are often overlooked when calculating narrow fiscal and economic impacts.
2. Second, evaluating immigrants' impacts should not be limited to the short-term burdens or benefits brought to society. Rather, assessments should consider immigrants' income trajectories and degree of social integration across different stages after arrival.
3. Third, the impact of immigration extends beyond the first generation. The influence of their second generation and subsequent generations on the local community must also be assessed.
4. Fourth, analyses of immigration should include dependent immigrants joining families for reunification, who not only benefit immigrant families but also play significant direct and indirect roles in the broader socioeconomic development.

While extensive international research has deepened discussions on the above issues, these topics have yet to receive adequate attention from academia and policymakers in Hong Kong.

Whether immigration brings long-term net economic and fiscal contributions depends on a country's socioeconomic conditions and policy environment. Factors include whether the government encourages childbirth, whether immigration policies select immigrants with appropriate educational attainment and age profiles, whether labour market policies affect immigrants' willingness to work, whether integration policies are effective, and whether the local conditions can attract immigrants to settle long-term and make contributions. Immigrants' arrival is merely the beginning; their subsequent labour-market participation and

their interactions with society and government policies will ultimately shape their contributions to the local economy and society.

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## **Chapter 2: International Comparison of Immigration Policies**

Chapter 2 conducts a comparative analysis of Hong Kong’s immigration policies with those of several countries. We focus on the United States and Germany—both of which have recorded the largest numbers of immigrants in recent years—as well as Singapore, which shares a similar background with Hong Kong.

Facing challenges of economic transformation and population ageing, the Hong Kong government is gradually adjusting its immigration strategy. Regarding Mainland immigrants, beyond the One-way Permit scheme for family reunification, multiple pathways have been developed to attract immigrants. In assisting immigrants, the government has historically adopted a passive approach, relying solely on existing social welfare systems. Historically, new immigrants relied primarily on personal efforts to integrate into their new lives. Now, some social welfare organisations proactively assist new immigrants in integrating into society. Compared to other major immigrant-receiving countries, Hong Kong lacks a coherent policy philosophy on immigration and tends toward pragmatism when formulating policies.

### **United States**

The United States can be regarded as the country with the most immigrants in the world; in recent years, it has added over one million immigrants annually, the highest globally. As a major immigrant-receiving nation, the U.S. government does not provide special treatment to immigrants for the sake of integration. Some scholars describe its approach as a “laissez-faire integration” strategy: the federal government only implements policies promoting equal opportunity—such as anti-discrimination laws—but does not actively pursue integration-focused policies.

## **Germany**

Germany is also a major immigrant-receiving country. In recent years, the majority of immigrants to Germany—over 80%—have arrived through the EU's free movement provisions, meaning Germany has limited approval authority over their admission. Since 2000, Germany has enacted a series of legislative reforms that reduced restrictions on immigrants seeking citizenship and employment. It now requires immigrants applying for citizenship to pass German language proficiency tests, attend integration courses, and pass a naturalization exam—measures designed to facilitate linguistic acquisition and familiarity with German societal norms, thereby easing integration. For immigrants from culturally distant backgrounds, the German government actively assists their integration through integration courses, integration summits, education programme and employment support to help newcomers adapt.

## **Singapore**

Singapore has always been a nation with immigrants as its core population. In 2018, among Singapore's population of 5.64 million, 1.64 million residents were on family reunion permits, student visas, or work visas, accounting for a substantial 29% of the total population. Singapore attracts talent through active recruitment and lowered barriers to naturalization. It meticulously designs multifaceted policies across politics, religion, education, and housing to actively promote harmonious coexistence among diverse cultures and ethnicities.

### **Family Reunification Across Jurisdictions**

Given Hong Kong society's particular concern about the One-way Permit scheme for family reunification, we also comparatively analyse family reunification policies in these countries. We find that Hong Kong's approval process for family reunification is not particularly lenient.

- In terms of numbers, for every employment-related immigrant visa issued by the United States and Germany, 1.9 family reunification visas are approved. Hong Kong's ratio is 1 to 1.2, showing a lower proportion of family reunification immigration compared to the United States and Germany.

- In regard to approval requirements, Hong Kong uniquely imposes quotas on its One-way Permits, resulting in waiting periods as measured in years. In contrast, other countries typically take weeks to months for administrative processing. Notably, Germany's case warrants particular attention. EU citizens can migrate freely into Germany under its free movement provision, over which the German government has no approval authority—a scenario somewhat similar to Hong Kong's One-way Permit scheme.

### **Comparative Reflections**

Hong Kong, like these three advanced economies, faces population ageing and has strong incentives to attract immigrants to drive economic development. Yet, the three countries adopt starkly different immigration approaches: the United States strives to create an equitable environment, Germany actively promotes immigrant integration, and Singapore prioritises attracting the right talent. However, Hong Kong's policies do not emphasize equality as much as the United States, fall short of Germany's proactive encouragement of immigrant integration, and lack Singapore's comprehensive strategies for maintaining multi-ethnic cohesion. The strategies adopted by these countries were not established overnight but have evolved after repeated trials and adjustments. With heightened political volatility nowadays, immigration policies continue to face challenges. In Hong Kong, local residents and new Mainland immigrants share the same linguistic and ethnic heritage. Yet, differences in social systems and lifestyles may lead to friction between them. This is not comparable with conflicts arising from significant religious, cultural, or racial differences within some nations. The Hong Kong government's overly passive approach may exacerbate these social tensions. Between a passive role and a proactive strategy, numerous options exist—this should be the direction for both the government and civil society to explore.

## **Chapter 3: Data Analysis of Mainland Immigrants in Hong Kong**

Chapter 3 first synthesizes aggregate data from various Hong Kong government departments to outline changes in the primary characteristics of new Mainland immigrants. Due to the limitations of these data—which are restricted to Mainland immigrants residing in Hong Kong for less than seven years and contain only limited variables—we utilize 5% microdata from the four rounds of Population Census and By-census (hereinafter collectively referred to as “population censuses”) conducted between 2001 and 2016 to calculate key supplementary indicators. We also analyse the contributions of Mainland immigrants to Hong Kong's population and economy, as well as the evolution of the socioeconomic status of Mainland immigrants arriving in different periods. Our main findings are as follows:

### **Major Findings**

#### **(1) Significant changes in recent Mainland immigrant characteristics**

The characteristics of new Mainland immigrants arriving in recent years have undergone significant changes, particularly in terms of educational attainment and income.

First, between 2001 and 2016, the proportion of new Mainland immigrants aged 15 and above with only junior secondary education or below decreased from 70.4% to 52.2%, while the proportion with tertiary education or above increased from 5.7% to 19.5%. In 2016, the proportion holding master's degrees reached 8.5%, significantly exceeding the 4.9% rate for the entire Hong Kong population aged 15 and above.

During the same period, in terms of income, the median monthly income from primary occupations and the median monthly household income among Mainland new immigrants increased by 70.8% and 45.1% respectively, surpassing the 40.9% and 33.6% corresponding growth rates observed for the overall Hong Kong population. Furthermore, the younger the age of arrival for Mainland immigrants, the greater their subsequent likelihood of obtaining a bachelor's degree. Analysis of 2016 census data indicates that over 45% of Mainland immigrants who arrived before the age of 9 attained a bachelor's degree, while only about 30% of those arriving between the ages of 13 and 15 did so.

## **(2) Mainland immigrants help ease population ageing and support economic transformation**

Mainland immigrants play a role in mitigating population ageing and promoting economic transformation. We estimated the impact of Mainland immigrants arriving in Hong Kong over the past two decades, along with their increased fertility rates, on the population structure. Without this cohort of Mainland immigrants and their locally born children, the local population would have aged more significantly. The median age would have risen from 43.3 to 46.1 years, and the proportion of the population under 20 years old—representing the future labour force supply—would have decreased by approximately one-quarter.

Mainland immigrants have also facilitated Hong Kong's economic transformation. Comparing data from the 2001 and 2016 censuses, in the sectors and occupations experiencing the greatest growth in total employment or labour size, Mainland immigrants exhibited even larger proportional increases. This indicates their active participation in expanding industries, underscoring a crucial role in economic restructuring. Meanwhile, locally born individuals maintained above-average growth in the highest-earning occupations, indicating that many have successfully transitioned into better-paid roles amid economic transformation.

## **(3) Convergence with local-born residents over time**

Mainland immigrants in Hong Kong are gradually converging with the local-born population. First, the overall labour force participation rate is converging with that of the local-born population. Taking male Mainland immigrants arriving between 1997 and 2001 as an example, their labour force participation rate in 2001 was 11.9% lower than that of the corresponding local-born population. This gap narrowed to zero by 2016. Our analysis of the 2016 Population Census also revealed that the labour force participation rate for female new immigrants under the One-way Permit scheme was only 39.8%, lower than the overall Hong Kong figure of 68.2%. However, among slightly older age groups with fewer childcare responsibilities, their labour force participation rate was comparable to that of local women.

To assess whether the income of Mainland immigrants is converging with that of the local-born population, comparisons should be made between groups of the same age and

educational attainment. We computed the weighted average income of Mainland immigrants using the “age-education” composition weights of the local-born population, and termed this “adjusted income” to maintain comparability with the local-born population. The “adjusted income” of Mainland immigrants has steadily improved. For example, among male Mainland immigrants arriving between 1997 and 2001, the income gap between their “adjusted income” and that of local males narrowed from HK\$10,600 (39.3%) in 2001 to HK\$4,300 (14.5%) in 2016. For female Mainland immigrants arriving during the same period, the gap between their adjusted income and that of locally born women decreased from HK\$10,300 (45.0%) in 2001 to HK\$6,600 (25.4%) in 2016. Most Mainland immigrants arriving during this period came via One-way Permits. When viewed from a longer-term perspective, the socioeconomic status and long-term contributions of Mainland immigrants to Hong Kong have shown significant improvement beyond the initial seven-year period.

#### **(4) Many highly educated immigrants leave after a few years**

Many highly educated Mainland immigrants may leave Hong Kong within a few years of arrival. For example, among male Mainland immigrants arriving between 1997 and 2001, 28.2% held bachelor's degrees or higher in 2001, but this proportion dropped sharply to 14.6% by 2006—a decline of nearly half—and continued to fall thereafter. Similar patterns were observed among Mainland immigrants arriving in other periods and among female Mainland immigrants. This phenomenon has not been identified in previous relevant studies and thus remains underappreciated. Should these immigrants remain in Hong Kong long-term to live and work, their potential contributions to the city would likely be substantial.

#### **(5) Changes among lower-income immigrant households**

Significant changes have also emerged among low-income new Mainland immigrants. Between 2014 and 2019, the poverty rate among families of new immigrants under the One-way Permit scheme exceeded that of Hong Kong households overall, yet they accounted for only a very small proportion of all poor households in Hong Kong—just 3.7% in 2019—and their share of total social welfare expenditures remained limited. In 2013, the Hong Kong government revised eligibility criteria for new immigrants to claim the Comprehensive Social Security Assistance (CSSA), reducing the required residency period from seven years back

to one year. The proportion of CSSA expenditure allocated to new immigrant households rose from 3.0% in 2013 to 4.3% in 2015, before gradually declining to around 4.0% in subsequent years.

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## **Policy Recommendations**

Based on the analysis across these three chapters, we propose the following policy recommendations.

### **1. Incorporate Mainland immigrants into population and manpower planning**

First, given Mainland immigrants' significant impact on Hong Kong's demographic structure and future labour supply, the Hong Kong government must fully consider their role when formulating population and human resource policies, and align relevant measures accordingly. Regarding the approval of One-way Permits, the government should negotiate with Mainland authorities to expedite the process for school-aged children, enabling them to enter Hong Kong education system earlier and integrate into society sooner, ultimately increasing their socioeconomic contributions. Although Hong Kong has implemented policies to attract Mainland talent, it has overlooked the fact that a large proportion of highly educated immigrants from earlier waves have already departed rather than settling long-term. The government should consider formulating strategies to retain talent.

### **2. Promote harmonious relations between local-born residents and Mainland immigrants**

Second, the Hong Kong government should take a more proactive role in fostering harmonious coexistence between local-born residents and Mainland immigrants. Government officials should establish a clear discourse grounded in values of equality and explicitly affirm their stance to maintaining community harmony. The government should organise more cultural exchange activities to deepen mutual understanding of their respective cultures, thereby fostering mutual respect between Mainland immigrants and local-born residents.

Beyond providing vocational training, the government should also assist immigrants in understanding the cultural norms of local workplaces, living environments, and public spaces, thereby mitigating potential friction with local-born residents. When tension arises between locals and immigrants—even escalating into extreme rhetoric or actions—the government must respond appropriately. Regarding discrimination against Mainland immigrants, the Hong Kong government should not remain passive or evasive; instead, it should actively protect the interests of discriminated groups, including exploring the possibility of curbing discriminatory behavior through legislative measures.

### **3. Improve data collection for evidence-based policymaking**

Third, the collection of immigration data must be improved to enable in-depth analysis. Relevant questions should be incorporated into the population census; or alternatively, dedicated surveys could be commissioned to distinguish between immigration pathways. Furthermore, longitudinal tracking on immigrants' post-arrival trajectories and follow-up studies on their descendants should be promoted, serving as a foundation for policy formulation.