

Chapter 8

BELT AND ROAD INITIATIVE AND OPPORTUNISTIC EMPLOYMENT STRATEGIES: CHINESE OFFSHORE GAMBLING WORKERS IN THE PHILIPPINES AND ITS IMPLICATIONS FOR THE LOCAL SOCIETY

Dai Fan

Introduction: History and Background

The Philippines is one of the traditional destinations for Chinese immigrants. Early in the Yuan and Ming dynasties, Chinese from the southeast coastal area of the mainland started to migrate to the Philippine archipelago. Most of them were from Fujian province, and a few from Guangdong, which therefore makes Minnan dialect the universal language used among the Chinese-Filipino community.

After the establishment of diplomatic relations between China and the Philippines in 1975, the flow of Chinese immigrants that was interrupted by the establishment of People's Republic of China in 1949 and the hostility between China and the Philippines in the 1950s began to recover and continued until this century. The Chinese immigrants, in the late 1970s, migrated

to the Philippines from mainland China, Hong Kong, and Macao mainly for family reunion (Dai Fan 2010). Since the mid-1990s, the network of the earlier wave of immigrants expanded. Plenty of Chinese citizens moved to the Philippines with the help of friends and fellow citizens rather than relatives. Immigrants were dominated by those from Fujian, with few from non-traditional overseas Chinese villages such as Shanghai and Liaoning. By the beginning of this century, the group has reached up to around 200,000 in number. This group has maintained close interaction with the traditional Chinese-Filipino community – both groups are mainly of Fujianese origin. Not only they have influential Chinese-Filipino figures such as senior advisors or presidents of their own associations (as a way to show their respect or bind them together), they also joined local Chinese associations in the Philippines. Moreover, the entrepreneurial activities owned by new Chinese immigrants often engage or make transactions with Chinese Filipino, whether in Chinatown of Binondo in Manila, or in retail shops of Baclaran in Pasay City, or in the new business clusters in Quezon and San Juan cities where more and more newcomers gather.¹ The retail and wholesale industries often form part of the local Chinese Filipino's commercial network.

Over the past decade, with the growth of the Chinese economy and expansion of Chinese companies, many Chinese citizens have come to the Philippines. This group includes former Chinese students, who graduated from universities in the Philippines like Far Eastern University and Adamson University, and Chinese employees who chose to stay in the Philippines after the end of their assignment. They built companies and linked to their original business, or opened restaurants, travel agencies, and so on. After all, it is not uncommon for former employees of major

¹ Metro Manila is composed of different cities like Manila, Quezon, Pasay, Pasig, San Juan, Makati, Parañaque, which are similar to the city districts in China.

state-funded projects to stay on, legally or illegally, and start new business enterprises (Dobler 2009, 707-727). This group is active in Makati, the financial center of the Philippines. While in the provinces such as Davao, a developing city in the south,; or the tourist destination islands of Boracay and Cebu, a variety of new Chinese migrants are also engaging in local businesses. The phenomenon of cross-border migration triggered by Chinese companies' "going out" policy and international investment has continued around the world. In 2013 however, when China started to promote more intensive infrastructure projects as well as investing its excess capacity in countries along the Belt and Road Initiative (BRI), migration of Chinese citizens became exponential, boosted with China's rising and extending economy.

Despite maritime standoff and filing of arbitration at The Hague during the Aquino administration, the inbound flow of Chinese citizens to the Philippines remained growing, however in a relative slow trend. With Duterte as president in 2016, the improved China-Philippines bilateral relations and Philippine's policy encouraging offshore gambling industry, to a great extent, promoted more intensive cross-border population mobility, and paved the way for opportunistic activities. In this context, plenty of Chinese citizens travel to the Philippines and join the industry.

In Parañaque, Makati, Malabon, Pasay (all in Metro Manila), and adjacent province of Cavite, casinos and offshore gambling operators whose capital resources, daily operation, and management are with participation of Chinese workers. Although the exact number of Chinese in this industry is still unknown, it is sure that Philippines offshore gambling operators (POGO) have employed about 200,000 workers since the end of 2016, and most of them are Chinese (*World Chinese Weekly* 2018). The clustering of Chinese offshore gambling workers in above-mentioned areas, further attract Chinese-owned businesses such as restaurants, supermarkets, hair salons, KTV, catering the Chinese market.

Many members of the first and second waves of new Chinese immigrants mentioned above have acquired permanent or long-term residency in the Philippines through amnesty program² or investment program. Easy access to long-term visa also attracts many Chinese, many of whom are granted Special Investment Residence Visa (SIRV) and Special Retirement Residence Visa (SRRV) by investing not much money in the Philippines.³ However, it may be hard to call the Chinese offshore gambling workers as international migrants since they migrate not for long-term residence or business, but they only treat the Philippines as a temporary base for opportunistic employment. Given their noticeable size and great socio-economic and even political impacts on Philippine society, this group deserves the attention of the academic community and policymakers.

The Philippines is itself a country that exports its human resource. It suffered from brain drain due to the huge number of Filipinos going abroad, as well as challenged by high unemployment. According to the Commission on Overseas Chinese and the Philippine Statistics Authority, every day, more than 5,000 Filipinos leave their homes to be employed in other countries. The number of overseas Filipino workers (OFWs) at any time

² The government of the Philippines conducted two amnesty programs successively in 1988 and 1995 in order to resolve the identity problems of many alien immigrants who were residing in the Philippines illegally at that time. Almost 11,000 aliens, who also later applied for residence right for their spouses and children, were granted permanent residency in accordance with the laws of the Philippines. It is said that 70-80 percent of them are Chinese citizens.

³ Special Investor's Resident Visa (SIRV) can be obtained by investing USD 75,000 in the Philippines or buying stocks, real estate, or bank deposits. In addition, the Philippine Leisure Retirement Agency has launched a Special Residence Retiree's Visa (SRRV) program, which includes several broad categories, including SRRV Smile, SRRV Classic, SRRV Human Touch, SRRV Courtesy and Expand Courtesy. Alien applicants can obtain Philippine special retirement visa at a minimum of USD 10,000.

during the period of April to September 2018 were estimated at 2.3 million (“Total Number,” 2019). Against this background, why many Chinese choose to work in the Philippines?

Hence, this study aims at exploring Chinese offshore gambling workers who are seeking opportunistic employment in the Philippines, including its socio-economic background, migration drivers, socio-economic impact on the host country and the host society’s response to this group. This study, the author believes, will help provide understanding on cross-border movements of Chinese and its complex socio-economic implications to the BRI.

Cross-board Population Movement in the Context of ‘Belt and Road’ Temporary Migrants and Opportunistic Employment

It is hard to make a clear definition and category of different international migration since immigration into other countries is extremely manifold and complex. Instead, a report about temporary migration published by European Committee on Migration in 1996 argued that it is more realistic to categorize economic migrants by the substance and form of their move, and to give typical examples of countries that receive them. The report mentioned above categorized immigration to European countries into the following types: migration for education, migration for training, migration for professional or business purposes, contract migration, migration for settlement, illegal migration, and asylum seekers and refugees. Temporary migration may occur among the different types of economic migration mentioned above. However, a clear-cut distinction between temporary and permanent stay is often not possible because during migration and integration process, a temporary work permit may be extended, and a short-term stay may finally develop into a permanent one.

Even migrants who originally intended to settle permanently may change their mind and leave (European Committee on Migration 1996, 11-13).

Generally, temporary workers must always have a fixed-term employment contract that clearly defines their authorized occupation, geographical areas of activity, and employers. They must leave the country on expiry of their contract and are not expected to return after the end of the contract period as an initial step towards permanent settlement of foreign workers in the host country. Short-term, temporary migrants can cover the following categories: 1) temporary work permits to special categories of migrants such as professionals and business people or persons with special skills or occupations, 2) seasonal workers, 3) project-tied contract workers, and 4) occupational trainees (European Committee on Migration 1996, 13).

Some scholars use the term “opportunistic migration” to describe seasonal migration such as migrant workers who migrate seasonally to work on the southwest coast of Bangladesh (Rahman, Uz Zaman, and Haider 2018). Other scholar points out that in the case of seasonal migration, the geographic mobility often takes place from the disadvantaged rural areas during the lean period (Kasimis, Papadopoulos, and Pappas 2010). The composition of temporary migrants varies from country to country.

In the Iberus region of northern Greece, labor strain created conditions for Albanians to enter as temporary migrants, while temporary migrant workers in the Gulf States have become a major source of foreign exchange and remittances for several South and Southeast Asian economies. For instance, more than two million Filipinos, three million Bangladeshis, six million Indians, and about 800,000 Sri Lankans work in the Middle East (DeSilva 2013). The composition of temporary migration in developed countries would be more complex.

Australia’s temporary visas are divided into four main categories: skilled workers, students, working holiday, and New Zealand

citizens, along with two additional emerging temporary categories: temporary graduate and Pacific seasonal workers. Aside from some seasonal and mining workers, temporary migration in Australia is not merely a proxy for low incomes; rather, temporary migrants tend to be employed in higher paying jobs – the average base salary for nominated positions was around AUD 95,000 in 2017 to 2018. More than half temporary work is occurring within four industries: accommodation and food services; information media and telecommunications; professional, scientific, and technical services; and other services (e.g., personal care and mechanical repair) (“Effects,” 2019, 5). Besides, in the long run, temporary visa can be converted to permanent visa only if the conditions are met. Data from the Australia Federal Department of Home Affairs shows that since at least from 2012 to 2013, over half of all permanent skilled visas were granted to applicants already onshore under the temporary skilled stream.

In general, temporary migration may be triggered by labor shortages, or commonly take place from low-income areas/states to high-income areas/states. However, the Philippines is clearly still a relatively low-income country compared with China, which has made significant economic progress, not to mention the fact that the Philippines itself is suffering from high unemployment. Against this background, temporary migration of Chinese citizens to the Philippines is more puzzling.

This paper uses the concepts of “temporary immigration” and “opportunistic employment” to explore the presence of Chinese offshore gambling workers in the Philippines. First, it is true that most Chinese workers do not have any intention to “migrate” to the Philippines, instead, they just treat the Philippines as a place to achieve “opportunistic employment.” They are neither fluent in the local language or English nor have any willingness to integrate into the host society. Trapped by their occupation, they are living a very isolated life, with very few interaction and connection with Filipino society. They are ready to evacuate

from the Philippines if there is any sign of disturbance or trouble regarding them.

Second, this cross-board population movement is taking place in a specific policy and political context, namely, the Philippines' policy encouraging offshore gambling and the improvement of Sino-Philippines relations since 2016, which directly drive thousands of Chinese visitors to the Philippines. There is too much uncertainty about whether this policy and political context can continue in the long run. Nevertheless, the offshore gambling industry in the Philippines and the large number of Chinese workers have very unique impact on the Philippines, which is not confined to the economic sphere alone. The presence of many Chinese offshore gambling workers in the Philippines is increasingly becoming a social and political issue, criticism, and abuse of this group on newspaper and internet is very common. Filipino's perception of this group is not only because their real interests might be hurt by the presence of Chinese workers but more likely to be related to a complicated emotion, which has not appeared in many countries.

Even in the Port of Sihanoukville in Cambodia, a city said to have fallen into China's offshore gambling operators, the debate over Chinese workers has not been as emotional and widespread as the Philippines.

Temporary Chinese Migration in the Philippines

Philippine Offshore Gambling Operators

POGO are firms which operates in the Philippines but caters to customers outside the country. Only foreigners based in another country are authorized to play while foreign nationals in the Philippines and Filipinos residing abroad are not allowed to participate in online gaming activities according to the POGO

rules. This is to discourage or limit gambling among Filipinos, especially minors. Since 2016, POGO must be licensed and regulated by the Philippine Amusement and Gaming Corporation (PAGCOR). From then to the end of 2019, PAGCOR had issued a total of 60 POGO licenses (*Annual Report 2018*; “No Chinese-run POGOs,” 2019). However, there are also a large number of offshore gambling operators running in the name of legal POGO, or do not have any business licenses at all. The POGO industry has brought huge benefits to the Philippines. From each POGO applicant, PAGCOR, the regulator, charges application fees of USD 150,000 for an e-casino and USD 120,000 for sports betting. License fees for each POGO amount to USD 200,000 per e-casino and USD 150,000 for sports betting. Besides, a cash bond of USD 300,000 is also required per licensee.

According to a PAGCOR statement, it has collected PhP 11.9 billion in gaming revenues from POGOs starting in 2016 to 2018. PAGCOR’S revenues increased by 11 percent to PhP 25.09 billion in January to April 2019 from PhP 22.51 billion in the same period of 2018. For 2019, PAGCOR is aiming to collect PhP 8 billion in gaming revenues from POGOs, up from PhP 7.37 billion since 2018. Following PAGCOR’s improving revenue performance, the agency posted a total of PhP 18.29 billion contributions to nation building from January to April 2019, up by 12 percent from PhP 16.30 billion in the same period last year (Leyco, “Pagcor Posts,” 2019). If the Philippine government succeeds in forcing employees of most POGO companies to pay income tax, the Philippine government will definitely gain greater benefits from the offshore gambling industry (“BIR Sets Tax,” 2019).

POGO has also promoted the development of the real estate market in the Philippines. One of the regulations of PAGCOR is that each POGO must have an office space of a minimum of 10,000 square meters. KMC Savills Inc., a real estate services firm,

projected that POGOs have taken up 800,000 sq. m of office space (Ichimura 2019). A report issued by a company shows that in the first nine months of 2019, offshore gaming firms accounted for 37 percent of all closed deals, comprising about 442,000 sq. m and outpacing others in terms of share to total leasing transactions. POGOs will continue to lead office space take-up over the next two to three years, especially with continued efforts from lawmakers to legitimize their operations (“POGOs Occupied,” 2019).

According to estimates of real estate services firm Leechiu Property Consultants, POGOs contribute some PhP 551 billion to the Philippine economy yearly, overtaking traditional information technology and business process management (IT-BPM) companies. Of all the POGOs’ expenditures, salaries are estimated to be at PhP 504 billion, POGO workers’ housing rental is pegged at around PhP 36 billion, and annual office rental is at PhP 11 billion. By the end of 2019, POGOs will overtake business process outsourcing (BPOs) as the number one office tenant in the Philippines (“Online Gambling,” 2019).

POGOs and the Influx of Temporary Chinese Workers

The prosperity of offshore gambling in the Philippines is closely related to the participation of Chinese citizens. Chinese constitute the most major source to its daily operation and are the real and potential players.

Since 2016, Philippine’ policy encouraging offshore gambling on the one hand, and on the other hand – perhaps more importantly, the improvement of bilateral relations between China and the Philippines, has created tolerant conditions for large-scale personnel exchanges between these two countries. A large number of Chinese citizens have been going to the Philippines to engage in offshore gambling, many of whom entered into the Philippines

with tourist visa only and then obtain working visa or special working permit with help of POGOs whom they are working for.

Chinese workers are engaging in each operational process of offshore gambling firms, including production marketing, customer service, product development, and technical maintenance. Marketing personnel send e-mail to potential customers, or promote game products on Chinese social media platforms like QQ or WeChat; customer service personnel mainly deals with customer experience and consultation from players; R&D department is in charge of developing new games developing or improving the existing program; and technical maintenance department maintain the stable operation of game platform, preventing it from crashing due to technical failure. Given the fact that most of the game plays are Chinese citizens, or Mandarin-speaking Chinese from Taiwan, Malaysia, and other regions or countries, so workers, whether marketing staff or customer service personnel, are required to speak Mandarin. This also explains the significant growth of Chinese citizens in the Philippines since 2016 (Chanco 2019). Chinese from Malaysia, Vietnam, and other countries also constitute part of this group.

According to data from the Philippines' Department of Labor and Employment (DOLE), 78,185 Special Work Permits (SWPs), or 65 percent of the total 119,814 issued by the Bureau of Immigration to foreign workers from 2015 to 2017 went to Chinese individuals working in POGOs, while 51,980 of the 115,652 Alien Employment Permits (AEPs) issued by DOLE in the same period went to Chinese persons as well ("Bulk of Work Permits," 2018). Data of DOLE in May 2019 shows that there are about 138,000 alien workers in the Philippines, 83,760 of which are SWPs and 54,240 are AEPs. Most of this group are Chinese working for POGOs (De la Cruz, "House Sets Probe," 2019). Hence, it is possible that all the Chinese workers who are engaging in each procedure of offshore gambling industry may reach up to between 150,000 to 250,000.

As shown in Figure 1, tourists from China have declined in 2014 due to the standoff over South China Sea between China and the Philippines. However, since 2016, the growing bilateral relations paved the way for deeper economic and trade cooperation between China and the Philippines. In this regard, both investment and people from China to the Philippines increased significantly. China's investment to the Philippines has increased 200 times in 2018 over 2017, reaching PhP 179 billion and accounting for 28.3 percent of the Philippines' annual foreign investment as the biggest investor. In terms of trade, China has surpassed Japan as the largest trading partner of the Philippines since 2016.⁴ The sharp increase of Chinese tourists to the Philippines in the past three years, reflects the improved bilateral relation and their cooperation under the framework of BRI.

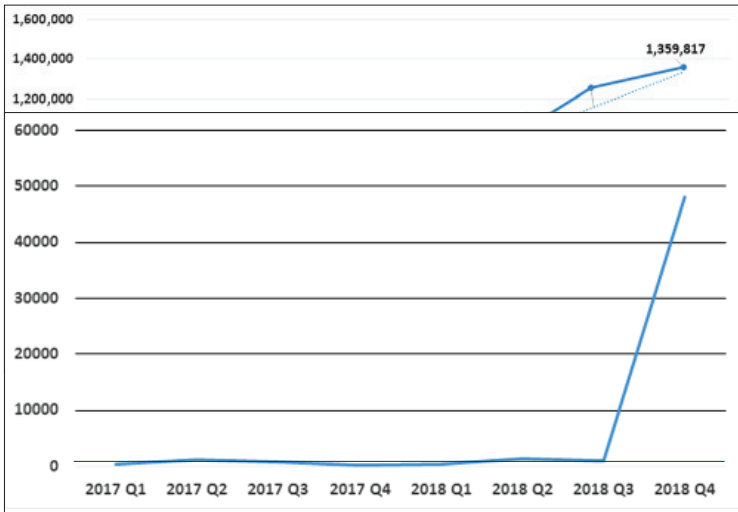


Fig. 2. China's investment to the Philippine 2017-2018

Source: Philippines Statistics Authority.

⁴ Data from Philippine Statistics Authority.

According to Maybank (Malayan Banking Berhad), the opening of casinos and online gambling companies in the Philippines has resulted in a China tourist boom. China accounted for only 5.9 percent of total visitor arrivals in the Philippines in 2012 before the first casino opened, but the share has climbed to almost 22 percent as of August 2019 (“Maybank,” 2019). The increase of Chinese visitors to the Philippines not only includes pure tourists but also plenty of Chinese workers employed by POGOs, as well as expatriate executives, skilled technician, and even ordinary workers like construction workers, or others who wants to make money in the Philippines. No matter what they will do in the Philippines, many of them often choose to enter the Philippines on tourist visa and then apply for working visa or special working permit locally.

The gaming industry has also given birth to the emergence of Chinese supermarkets, Chinese restaurants and even porn industries. In the area where POGOs concentrate, more and more Chinese restaurants are visible. Some small gambling companies are also investing in some Chinese restaurants by themselves. The boom of offshore gambling industry means hiring plenty of young men who leave their hometown to work in foreign country alone no matter whether they are married or not. It also generates a strong need for sex industry. Women from the Philippines, Vietnam, China, and other countries are organized by gangs, some of whom are Chinese citizens, to provide sexual services for men working in offshore gambling industry or other industries. Some clients do not accept Filipino customers.

From September to October 2019, some prostitution groups operated by Chinese and under the guise of spa or KTV were raided in Metro Manila. More than 100 sex workers, including Chinese women, were rescued. Some foreign clients arrested by police are believed to be Chinese working in the POGO sector. The organizers of prostitution arrested will face complaints for

violating the Philippine's Expanded Anti-Trafficking in Persons Act of 2012. The Philippine authority attributes the increase of Chinese prostitution groups to the prosperity of offshore gambling industry in the Philippines ("Cops Rescue," 2019).

Opportunistic Employment in the Philippines

In the past few years, Cambodia and the Philippines have almost become the paradise for Chinese offshore gambling industry. However, after the Cambodian government halted and banned the issuance and renewal of online gambling businesses in August 2019, the Philippines has become haven for the industry in Asia. The country's favorable legal condition clearly entices Chinese to shift their business location to the archipelago. It is noteworthy that if not because of improved bilateral ties between China and the Philippines and their enhanced people-to-people exchanges,⁵ it may be difficult to think of this trend to thrive. The legal space and political coordination created preconditions for the cross-border movement of Chinese gambling workers.

Based on the author's interview with some POGO workers in Manila, only a few Chinese offshore gambling workers have received tertiary education. With the exception of technical and managerial positions such as in information technology and finance, most positions including customer service and marketing do not require high educational attainment of job applications, thus, a high school diploma or even junior high school attendees are enough for non-technical jobs. However, it is not to say that highly educated Chinese offshore gambling worker is not uncommon. Qualifications depend on the needs of specific positions.

⁵ People-to-people exchanges is one of the five pillars of the BRI.

In January 2019, the author interviewed employees from POGOs as key informants to this study. Luo, 27 years old, is among those who obtained highest education degree. He earned his master's degree in medicine from his hometown, Shanxi province. Unsatisfied with the local salary, Luo decided to work for a gambling company in Makati City in early 2018 with the help of friends. His responsibilities include for human resource management and corporate administrative affairs. Luo is quite satisfied with his current salary.

Lim, 32 years old, primarily maintains the computer server of a gaming company near SM Mall of Asia (MOA) with a monthly income of nearly RMB 20,000. Lim graduated with a degree in computer science, and he had been earning nearly RMB 10,000 per month for almost 10 years since he graduated. Although this amount is not low in China, Lim feels it is not a decent pay for a computer professional who has 10 years of experience. In 2018, attracted by a big offer in the Philippines, he tried his luck with some assistance from friends. He said his work is not exhausting, but he thinks his current everyday life is boring. He does not dare to travel due to his inability to speak English. Instead, he goes to the SM MOA for dinner and shopping during free time. Lim does not plan to work in the Philippines for a long time and plans to return home in 2020.⁶

Moreover, Tan graduated with a bachelor's degree in management from a "985" university⁷ in his hometown, northeast of China. Due to the economic recession in that region, Tan decided to work for a Chinese offshore gambling operator in Cambodia

⁶ The interview was conducted in January 2019.

⁷ Project 985 is a constructive project for founding world-class universities in the 21st century conducted by the government of the People's Republic of China in 1998. A total of 39 "985" universities in China might represent the best universities in China.

shortly after his graduation in 2017, with the introduction of friends. Tan worked on financial management, which is close to his college major. Few months after he rested from Cambodia's discontinuing of online gambling businesses, Tan was hired by a POGO in January 2020. He was offered a monthly salary of more than RMB 10,000. Tan told the author that he is living in the company's dormitory, but as a junior manager, he rarely interacted with three other employees in his room because he feels nothing to share with his low-educated roommates.⁸

The cases mentioned above are not rare among Chinese offshore gambling workers, that is to say, relative high income constitute a major driving force for Chinese's "opportunistic employment" in the Philippines (and also Cambodia). Despite the remarkable economic achievements of China, China's average real per capita income is still far below the world average. Data from China Labor Statistics Yearbook 2019 showed that the average wage of on-the-job employee is RMB 5,750. According to Mycos, a third-party evaluation agency, the average wage of Chinese undergraduates in 2019 is RMB 4,376 (*Sohu* 2019). In this regard, if given a chance, many Chinese are willing to leave their hometown to seek a higher earning occupation elsewhere. A public job listing on the Philippines, Jobstreet, posted a job opening for data analyst at a licensed POGO with a compensation of PhP 80,000 to PhP 130,000 per month. The job offer, written in Chinese, is open to Chinese citizens who will also receive benefits such as free accommodation or rental allowance, free meals or meal allowance, and full reimbursements of airplane tickets to and from China during their vacation (Ichimura 2019). Such compensation package is attractive for many Chinese, especially those with a lower income at home.

⁸ The interview was conducted in January 2020.

Table 1. Average Wage in China's Major Cities (Yuan)

Cities	Wage
Beijing	10910
Shanghai	10231
Shenzhen	9443
Hangzhou	9082
Guangzhou	8321
Xiamen	8147
Nanjing	8119
National Average	5750

Source: China Labor Statistics Yearbook, 2019

Even Chinese citizens who are not degree holders can earn far more in offshore gambling than in China. Therefore, although the wage level in the Philippines is relatively low – as of November 2018, the minimum daily wage in the Metro Manila is PhP 500-536,⁹ offshore gambling industry, a special enclave economy whose profits do not come from the host country, is enough to attract plenty of Chinese citizens who are seeking opportunistic employment. Likewise, high profits earned by the companies are enough to maintain this kind of compensation they provide their employees.

To support its rapid expansion, POGOs need to recruit more employees. However, bad reputation of gambling in China has deterred some Chinese to work in this industry. In this regard, some Chinese job seekers are deliberately misled or deceived by POGO recruiters, especially from illegal firms, that they will be engaging in offshore gambling. Relevant cases are not uncommon in the Philippine media. Talking about their own work in public is a taboo to most Chinese offshore gambling workers since

⁹ Data from Philippines' Department of Labor and Employment website, <https://nwpc.dole.gov.ph/>

traditional Confucianism holds that gambling means greed and depravity. Most Chinese keep a low profile and safe distance from the host society, though some of them were accused of being arrogant before Filipinos. Within this group, staff who are engaging in administrative affairs or technical maintenance often express their contempt towards salespeople, who are regarded as unscrupulous or deceptive because they are always trying to attract potential customers sometimes by means of dishonesty.

On the other hand, for safety reason or not to attract excessive attention from the local society, many POGOs tend to implement semi-closed management for their employees such as providing centralized accommodation and catering. In this context, Chinese workers have few opportunities to go out and engage with the local society. Needless to say, due to the general low level of education of this group and poor English comprehension, they lack both the ability and the courage to interact with the Filipinos.¹⁰

As a result, most Chinese gambling workers are living a very closed life in the Philippines, and their only entertainment is to shop, drink in bars, or have fun at KTVs during weekend.¹¹ For most of them, the Philippines is just a temporary place for them to get opportunistic employment. They have no sense of belongingness to the local society, and sooner or later, they will return to China.

¹⁰ In July 2019, the author met an Anhui-born, 27-year-old Chinese worker who took the same flight as the author at Manila International Airport. Though having worked in Manila for nearly one year, he could not speak English at all and does not even know how to take the flight. That was only his second time experience. He was able to board the plane with the help of the author.

¹¹ One Chinese, who is running a KTV in partnership with friends in Makati, told the author that his KTV has very good business at weekend, one KTV room could receive three waves of Chinese customers. This interview was conducted in the Philippines in January 2019.

Implications for Local Society

The large influx of Chinese offshore gambling workers to the Philippines exerts a complex economic, security, and social impacts on Filipino society. Over the past two years, media coverage on gambling industry and Chinese nationals are rife in the Philippines and easily attract much attention from the local society. Basically, Filipino society, whether from the elites or ordinary citizens, is more likely to judge this industry from a negative perspective, insisting that gambling industry brought more harm than benefits to the Philippines. This is because revenues earned from POGOs end up funding crime-prevention efforts of police in going after prostitution and human trafficking dens, instead of channelling these scarce resources to social welfare programs and services (“Villanueva Lauds,” 2019).

Despite Duterte’s friendly China policy, hoping that its neighbor will increase investment in the Philippines,¹² the standoff over the South China Sea never gets missed out by the Filipinos. Filipino’s distrust of China has not been removed with the improvement of bilateral relations. Instead, the extensive media coverage of gambling industry and Chinese gambling workers, as well as the deliberate exaggeration from some politician and opposing sectors over the negative effects, and further deteriorated Filipino’s trust in China may put a shadow on the fate of China’s BRI and its projects in the Philippines.

Economic Impact

As mentioned above, for a developing country like the Philippines with big population and high unemployment, the

¹² For related report, see “Philippines ready for More Belt and Road Projects with China,” April 25, 2019.

offshore gambling industry is just like an egg-laying hen – revenue from this industry ideally should help improve the social welfare of the Filipino people (*Annual Report 2018*). However, most ordinary Filipinos may not understand how Filipino will benefit from this industry in an indirect manner. Thus, understanding and judgement about gambling industry are borne in terms of the individual's socio-economic background (i.e., education) and experience as well as media influences.

The direct economic impact of offshore gambling is mainly felt in employment and real estate. The Philippines has an unemployment rate of 5.4 percent while 13.9 percent for underemployment. The labor force participation rate (LFPR) in July 2019 was estimated at 62.1 percent of the 73.1 million population for age 15 years old and over.¹³ Therefore, many Filipinos believe that the influx of foreign citizens into the offshore gambling industry, especially the Chinese workers, has deprived the Filipinos of their jobs.

The above concern became prominent after plenty of offshore gambling operators were forced to leave Cambodia for the Philippines. In September 2019, the Trade Union Congress of the Philippines (TUCP), the biggest confederation of labor groups in the Philippines, proposed a creation of a coordinating body in managing and controlling the growing industry as it sees the influx of more Chinese workers into the Philippines following the recent ban of gaming operations in Cambodia ("Foreigners' Influx," 2019). The labor organization asked the government to suspend issuing new license to offshore gambling operators, which has been accepted by the Philippine government.

According to the report released by PAGCOR, four out of every ten workers in POGOs are Filipinos. These workers consist of

¹³ Data is from the website of the Philippine Statistics Authority, <https://psa.gov.ph/content/employment-rate-july-2019-estimated-946-percent>

high-paying IT and technical support staff, dealers, administrative staff, drivers, cooks, maintenance personnel, among others (Leyco, “Pagcor Raided,” 2018). However, as discussed in the previous section, Mandarin is a requirement for employees as majority of clients of online games are Chinese, which means job vacancies were intended for Chinese and that Chinese workers are not grabbing jobs from Filipinos.

Second, the boom of POGO industry has indeed resulted in the rise of real estate prices in certain areas in Metro Manila, such as the Manila Bay area, Makati, and Pasig. To facilitate the management of employees, offshore gambling firms rent apartments, or even buy the whole apartment buildings, for their employees. Besides, some Chinese workers who became rich from gambling industry may also invest in buying condominium units.¹⁴ Data from Leechiu Property Consultants shows that rental rates in Manila Bay area have spiked 80 percent from three years ago. Studio units that were once priced at PhP 18,000 are now PhP 32,000 per unit (Ichimura 2019), and it might be higher in business hubs.

The economic impact on local society brought by POGOs and the presence of Chinese workers is quite complex and always with both positive and negative. In the job market, although undocumented working does exist in gambling industry, other service industry such as supermarkets and restaurants and so on which emerges with the rising of gambling industry and the large Chinese workers itself, provide plenty of jobs for Filipino. In the real estate sector, although many have benefited from the boom of real estate, since both commercial space and ordinary residential

¹⁴ Foreigners may own real estate property in the Philippines, but they are not allowed to buy and own land. A Chinese real estate agent told the author that one of her clients, a Chinese offshore gambling workers less than 30 years old, bought 16 condominiums at a time by way of monthly instalment. This interview was conducted in Manila in January 2019.

market are not exempt from this inflation, ordinary Filipino have to bear the cost of rising prices.

Security Concerns

The most crucial part of Philippine offshore gambling industry is in terms of security: money laundering, illegal employment, kidnapping, extortion, injury, and murder. Unfortunately, as the largest offshore gambling group in the Philippines, Chinese workers are always involved in some reported cases, be the alleged suspect or the victim.

Chinese citizens themselves are victims of kidnapping and extortion. According to the Philippine National Police (PNP) Anti-Kidnapping Group, 69 Filipinos and foreigners were kidnapped in 2018. Seventeen of the 27 foreigners who were kidnapped are Chinese, which increased by 112.5 percent compared to only eight in 2017. The majority of Chinese being kidnapped are victims of loan shark syndicates (Tupas 2019). From January to November 2019, the number of abducted Chinese has jumped to 58, an increase of 47 percent (Talabong 2019).

Some Chinese were arrested by Philippine authorities on suspicion of kidnapping foreigners. From 2017 to September 2019, there were a total of 61 cases of casino-related kidnappings. As many as 119 Chinese nationals have been arrested, and 57 Chinese nationals rescued in relations to these cases (“Philippine Police,” 2019). However, there might be some cases unreported to the police.

The PNP classifies these crimes into three types: kidnap-for-ransom, casino-related, and POGO-related. The casino-related cases mainly involve Chinese who were kidnapped for their huge gambling debt due to usury; while POGO-related cases mainly took place when some Chinese workers, who tried to leave their illegal employers, were abducted by their boss.

**Table 2. Number of Chinese Kidnapped
in the Philippines, 2012-2019¹⁵**

Year	Casino-related Cases	Kidnap-for-Ransom	POGO-related Cases
2019	31	18	9
2018	17	17	0
2017	16	10	0
2016	0	3	0
2015	0	2	0
2014	0	6	0
2013	0	0	0
2012	0	4	0

Source: Philippine National Police-Anti-Kidnapping Group

Record of the Philippines Bureau of Immigration shows that 507 illegal foreigners were arrested in the Philippines in 2015, 272 of whom were Chinese from Mainland. Chinese nationals also topped the list of deported foreigners from 2016 to 2018, followed by Koreans at 216 (Patinio 2018). In 2019, more than 2,000 illegal aliens, mostly Chinese nationals engaging in cyber fraud activities and unauthorized online gaming operations, were arrested by the bureau (“BI,” 2019).

Illegal employment caused discontent from the Filipino society. On some cases, Chinese workers did not acquire working permits from Philippine authorities. On other cases, some Chinese offshore gambling workers abandon their jobs and look for new job locally, and even overstaying after visa expires (Diaz, “POGO Workers,” 2019). In June 2019, DOLE inspected 57,288 foreign workers from 177 offshore gambling firms; and found out that 8,371 of them did not have alien employment permits issued by DOLE and special working permits issued by other relevant government

¹⁵ Actual quantity is likely to be higher than official figures.

agencies. Three months later, only 1,693 foreign workers have obtained the permits mentioned above (“DOF Shuts Down,” 2019).

The presence of some POGOs near strategic places prompted national security concerns from government officials and lawmakers. Some POGOs are near important locations such as Camp Aguinaldo, the headquarters of the Armed Forces of the Philippines; Fort Bonifacio in Taguig, home of the Philippine Army; and Sangley Point in Cavite, a Philippine Navy base (Diaz, “POGOs Near Military Camps,” 2019; “DND, AFP Chiefs,” 2019).

Social Impact

The presence of large number of Chinese gambling workers in the Philippines, as well as the extensive media coverage of legal or illegal activities involving this group, has greatly raised concerns about Chinese labor in the Philippine. According to a social survey conducted in September 2019 by Social Weather Station, 70 percent of the 1,800 respondents expressed concern about the growing number of Chinese workers – with 76 percent in Metro Manila, the most densely populated city in the Philippines. In addition, 52 percent thought that more and more Chinese people are threat to the overall national security of the Philippines (with 27 percent disagreed with this statement) (*Social Weather Station*, 2019).

Filipinos’ resentment also emerged from Chinese’s arrogance or uncivilized behavior in public. A Filipino congressman suggested that foreign workers employed by POGOs should undergo an online exam on Filipino culture and proper behavior in the Philippines before they are allowed to acquire a suggested gaming employment license (De la Cruz, “Pagcor Urged,” 2019).

The Chinese-Filipino society also expressed concern about the booming of offshore gambling industry in the Philippines. They

worry that criminal activities involving Chinese offshore gambling workers, such as kidnapping, extortion, and fraud would further increase and could destroy their ethnic image that endanger their local survival.¹⁶

In November 2018, the Philippines and China established their strategic cooperative relations. However, the close cooperation between the two countries since 2016 seems to have failed to effectively eliminate Filipino's distrust of China. The maritime disputes are important factors, but the presence of influx of Chinese workers in the Philippines undoubtedly contributes to the Filipino's doubts in China to a large extent. As shown in Fig. 3, Philippine society's trust in China even declined during 2016-2019.

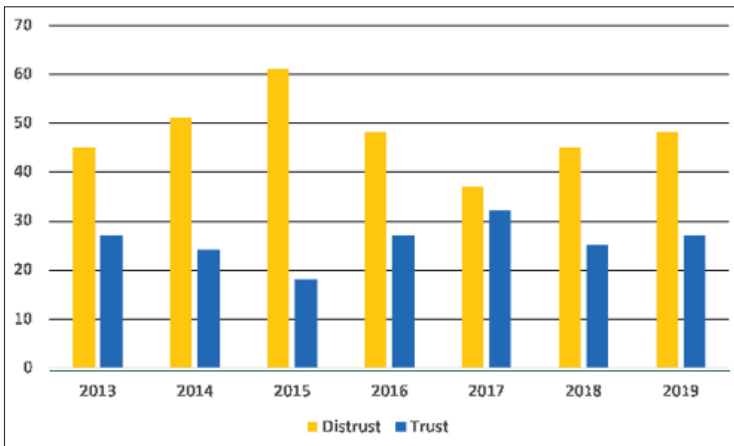


Fig. 3. Filipino's Trust in China 2013-2019

Source: Social Weather Station

¹⁶ On December 20, 2019, the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc., jointly with Chinese Civic Center in Manila, organized a meeting, in which the Chinese Filipino commonly expressed such concern arising from offshore gambling.

In response to public concerns about the gambling industry, the Philippine government has strengthened its control over POGOs and adjusted its visa policy for Chinese citizens. Since 2019, relevant government agencies are going after the income tax payments of offshore gambling workers. The Bureau of Internal Revenue (BIR) thinks more than 130,000 unregistered Chinese are working in the POGO sector, none of them have obtained tax identification numbers (TIN) from the agency (“Over 130,000 Chinese,” 2019). To this end, a bill was passed by the Philippines Congress to impose an income tax of 15 percent of the foreigners working for POGOs, and five percent franchise tax on POGOs on top of the existing two percent regulatory fee.

On November 27, 2019, 11 offshore gaming branches of the New Oriental Club88 Corporation, a large company located in Parañaque City, was shut down for not paying taxes and operating without registration (“DOF Shuts Down” 2019). Furthermore, the Philippines has tightened up visa issuance to Chinese visitors. Chinese citizens now spend longer time in applying for their tourist visa to the Philippines, and examinations are required for working visa application.

However, in view of the huge contribution of the offshore gambling industry to the Philippines society, any regulating policy must be examined carefully.

Conclusion

The first group, mainly new immigrants from Fujian, have a very close interaction with the Chinese-Filipino community, and have well-connected business ties with the mainstream society. Most of them have obtained long-term residency in the Philippines through the amnesty program granted by the Philippine government in the 1980s and 1990s, or through an investment visa. The second group, which is more diverse but smaller in size,

has higher educational background (including language ability) or more financial resources. They also have close interaction with the local society. They tend to obtain long-term residence visa in the Philippines once they have a stable and reliable source of income.

The Chinese offshore gambling workers is quite different group. Generally, this group, with only few social linkages and less educated, simply treats the Philippines as a place to achieve “opportunistic employment.” As a result, this large closed group is shaping a unique social-economic presence abroad similar to the ethnic enclave. Their source of profit and individual economic and social activities have a considerable distance with the local society of the Philippines. However, it is not to say that Chinese engaging in gambling industry have no intention to interact with local Filipinos. In April 2020, when the Philippines is facing increasing threats from the corona virus, many Chinese in the Philippines, including Chinese POGO workers, have launched fund-raising campaigns for the Filipino society. However, such bright stories are not known to Filipino society because of their language inability.¹⁷

From the point of view of the Philippines, except the governments and a few interest groups, most of the Filipinos – affected directly, indirectly, or not by the inflow of Chinese – hold a relatively negative perception of the presence of Chinese offshore gambling workers. This kind of negative cognition is not only due to misunderstanding but also due to the long-term accumulated Filipinos’ distrust of China. BRI encourages the people-to-people connectivity, however, Chinese offshore gambling workers, part of the cross-board population flows promoted by BRI, may constitute a negative asset to China’s economic scheme regarding BRI in the future.

¹⁷ It is the author and his Chinese friends in the Philippines that launched this donation. We created a Wechat group through which to organize and also public information to every donor. Some of these donors are Chinese POGO workers.

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